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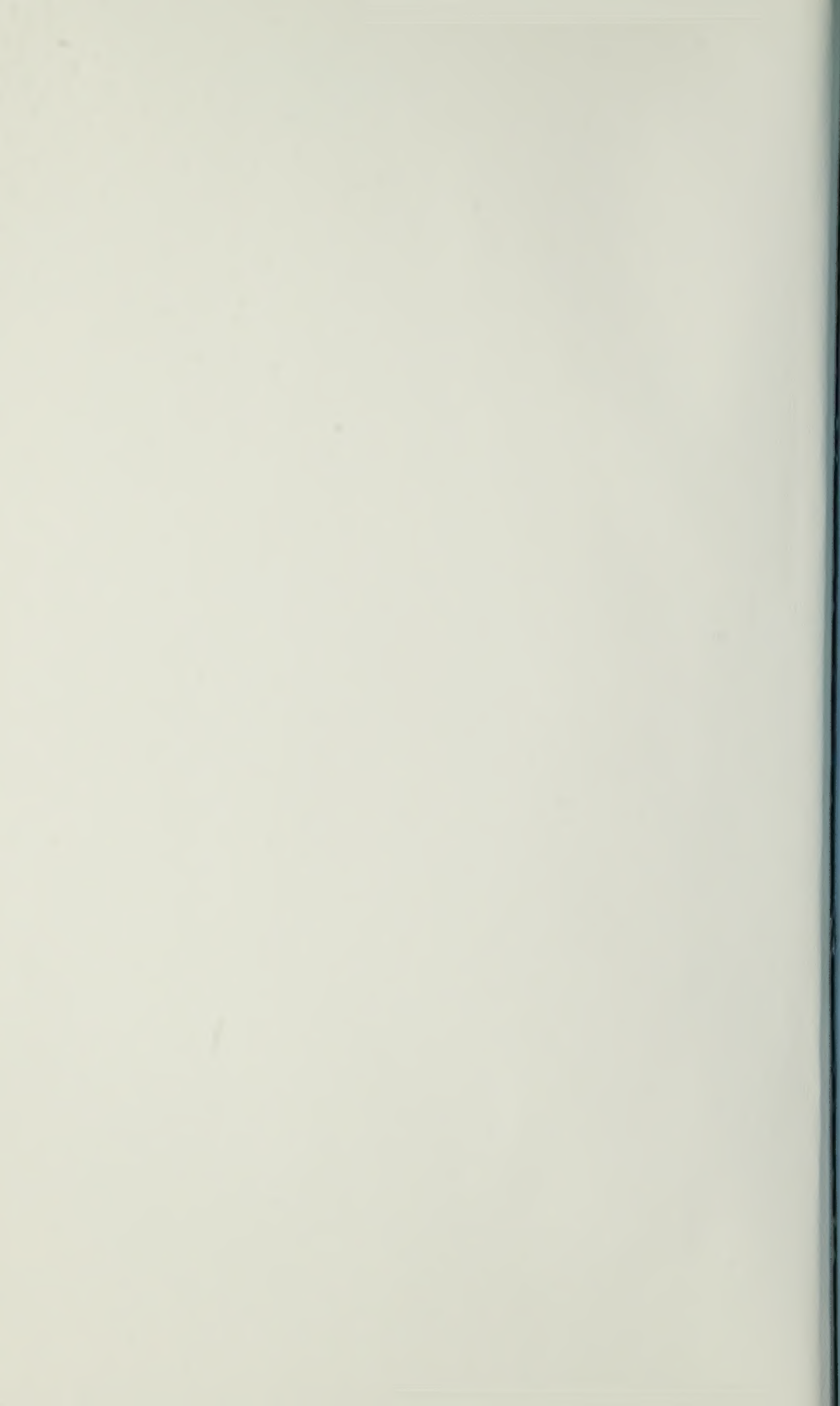














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HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

# BEAUHARNOIS POWER PROJECT

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SESSION 1931

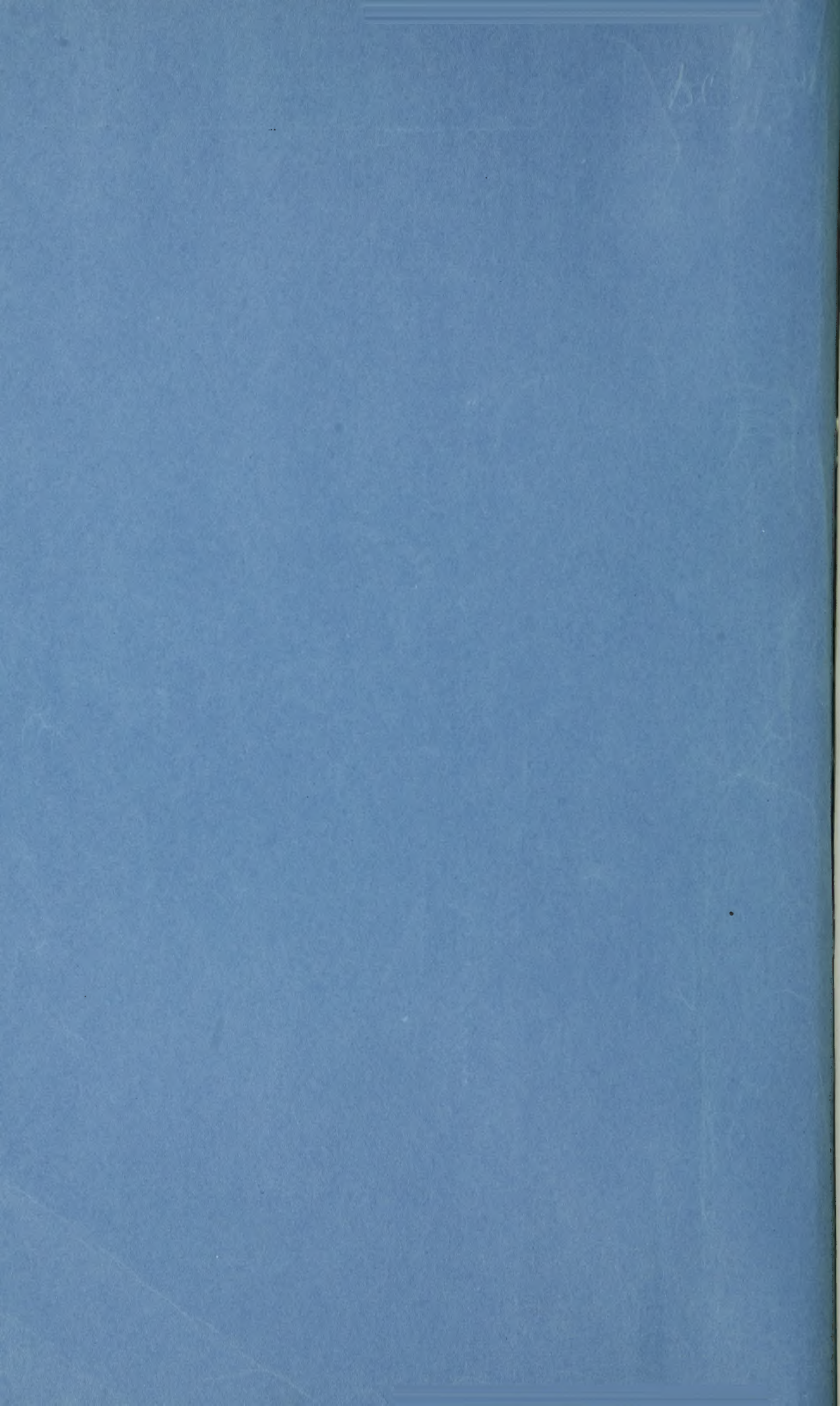
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OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1931

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HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

# BEAUHARNOIS POWER PROJECT

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SESSION 1931

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## MEMBERS OF THE COMMITTEE

Hon. W. A. GORDON, *Chairman.*

Mr. C. N. Dorion,  
Sir Eugène Fiset,  
Mr. Robert Gardiner,  
Mr. S. W. Jacobs,

Hon. G. B. Jones,  
Mr. T. H. Lennox,  
Hon. Ian Mackenzie (*Vancouver  
Centre*),  
Mr. J. S. Stewart (*Lethbridge*).

JOHN T. DUN,  
*Clerk of the Committee.*

H. E. TASCHEREAU,  
J. P. DOYLE,  
*Assistant Clerks of the Committee.*

## ORDERS OF REFERENCE

## HOUSE OF COMMONS

WEDNESDAY, June 10, 1931.

*Resolved*, That Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*) be a Committee to investigate from its inception the Beauharnois project for development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada, and without restricting the generality of the foregoing words in particular to investigate the matters referred to in the speech made in the House of Commons, by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th day of May, last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

---

MONDAY, June 15, 1931.

*Ordered*, That the said Committee be given leave to print, from day to day, the minutes of proceedings and evidence taken, and also such representations, arguments and papers submitted as may be directed by the said Committee to be printed, for the use of the said Committee and Members of the House, not to exceed 600 copies in English and 200 copies in French.

*Ordered*, That the said Committee be given leave to sit while the House is in session.

*Ordered*, That the said Committee be granted leave to employ counsel for the purpose of assisting in the investigation of the matters referred to them by the House.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

---

MONDAY, June 29, 1931.

*Ordered*,—That the said Committee be given power to employ a secretary to assist counsel to the Committee in the investigation now proceeding, until the Final Report of the said Committee is presented to the House.

*Ordered*,—That the said Committee be given power to employ a firm of auditors to assist in the investigation now proceeding, until the Final Report of the said Committee is presented to the House.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

## REPORTS TO THE HOUSE

## FIRST REPORT

HOUSE OF COMMONS,

MONDAY, June 15, 1931.

The Special Committee on the Beauharnois Power Project have the honour to present the following as their First Report:—

Your Committee recommend that they be given leave to print, from day to day, the minutes of proceedings and evidence taken, and also such representations, arguments and papers submitted as may be directed by the Committee to be printed, for the use of the Committee and members of the House, not to exceed 600 copies in English and 200 copies in French.

Your Committee also recommend that they be given leave to sit while the House is in session.

All of which is respectfully submitted.

W. A. GORDON,  
*Chairman.*

---

## SECOND REPORT

MONDAY, June 15, 1931.

The Special Committee on the Beauharnois Power Project have the honour to present the following as their Second Report:—

Your Committee recommend that leave be granted them to employ counsel for the purpose of assisting in the investigation of the matters referred to them by the House.

All of which is respectfully submitted.

W. A. GORDON,  
*Chairman.*

---

## THIRD REPORT

MONDAY, June 29, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project beg leave to present the following as their Third Report.

Your Committee recommend that they be given power to employ a secretary to assist counsel to the Committee in the investigation now proceeding, until the Final Report of the Committee is presented to the House.

Your Committee further recommend that they be given power to employ a firm of auditors to assist in the investigation now proceeding, until the Final Report of the Committee is presented to the House.

All of which is respectfully submitted.

W. A. GORDON,  
*Chairman.*

## FOURTH REPORT

TUESDAY, July 28, 1931.

The Special Committee appointed to investigate the Beauharnois Project beg leave to present the following as a Fourth Report.

1. On the 10th day of June, 1931, the House of Commons adopted the following Resolution; That Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*), be a committee to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada, and without restricting the generality of the foregoing words in particular to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 10th day of May last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinion thereon; with power to send for papers, persons and records. Honourable W. A. Gordon was on the 15th of June, 1931, appointed Chairman of the Special Select Committee.

2. (1) The Committee sat from the 15th day of June, 1931, to the 22nd day of July, 1931, held on most of these days more than one session and examined 35 witnesses.

(2) On the 1st of July, the members of the Committee visited and inspected the site of the works.

There were filed with the Committee 129 exhibits.

## 3. SOULANGES SECTION—ST. LAWRENCE RIVER

(1) The Soulanges section of the St. Lawrence River is that portion thereof lying between Lake St. Francis and Lake St. Louis which are some 14½ miles apart, and between which there is a fall of 83 feet. The average normal available flow of the river through this section is in the vicinity of 230,000 cubic feet per second for 50 per cent of the time, making possible a development of 2,000,000 horse power of commercial electric energy at 85 per cent load factor. The site is in close proximity to the City and Port of Montreal, and is conveniently located on what must soon be a waterway capable of accommodating ocean-going vessels. It has therefore great possibility for industrial development if cheap power is available.

(2) It is apparent that the Soulanges section thus presents an opportunity for hydro-electric development almost if not quite unique on the face of the globe. It is one of the greatest national resources in Canada, and in its natural state of great potential value.

## 4. HISTORY

(1) About the year 1800, Edward Ellice, the Seigneur of Beauharnois, erected a small "moulin Banal" at the mouth of the St. Louis River and in order to increase the flow of the river, in 1807 built a small feeder, four miles in length, from Lake St. Francis to the head waters of the River. This constituted the first diversion in the Soulanges section of the St. Lawrence River for power purposes. Whatever water rights were incidental to this feeder later passed into the hands of a family named Robert and apparently formed the basis of the applications for power rights hereinafter mentioned. Details concerning the Robert "rights" may be found in a judgment delivered in the Exchequer Court of Canada in the case of Robert vs. the King (9 Exchequer Court Reports). Reference may be had also to Exhibit No. 29, a memorandum prepared by Mr. R. C. Alexander.



(2) In 1855 the Government of the Province of Canada built a dyke, known as the Hungry Bay Dyke, as a protection against floods. It rebuilt the control gates of the feeder and in 1883 the Government of Canada deepened and widened the feeder and installed new gates in the dyke at the feeder entrance, considerable sums of money having been appropriated for this purpose.

(3) In 1902, J. B. Robert, as the grantee of the representatives of Edward Ellice, brought action against the Crown for a declaration of his rights and judgment was pronounced on the 17th October, 1904, deciding that Robert held substantial rights in the feeder. A compromise was arrived at by which the feeder was leased to the heirs of J. B. Robert by the Department of Public Works under date of the 28th December, 1909, for a period of 21 years. This was authorized by Order in Council, P.C. 2168, of the 9th December, 1909.

(4) In 1902 by Quebec Statute 2 Edward VII, Chapter 72 of the 26th March, 1902, the Beauharnois Light, Heat and Power Company was incorporated with power to enlarge and extend the feeder. As a consequence of the finding of the Exchequer Court that J. B. Robert was not the owner of the feeder, in 1910 another Provincial Act was passed giving the Company the right to build a new canal or feeder from any point on the original feeder to any point on the St. Louis River at or near the town of Beauharnois. This Company thus became possessed of certain rights in respect of the diversion of water for power purposes from Lake St. Francis. The shares of the Beauharnois Light, Heat and Power Company were all owned by W. H. Robert and other members of the Robert family. On the 3rd February, 1927, Mr. R. O. Sweezey obtained from the Roberts an option of all the issued capital stock of the Company and the Company's rights.

#### THE ROBERT INTERESTS

(5) W. H. Robert and the other Robert heirs received for the 2,000 shares of the Beauharnois Light, Heat and Power Company and such other rights, if any, as were then outstanding in them

(1) Cash \$1,520,000.

(2) 200 fully paid part interests in the Beauharnois Power Syndicate.

(3) 21,000 Class A shares of the Beauharnois Power Corporation.

(4) 100 fully paid part interests in the Beauharnois Syndicate transferred from R. O. Sweezey account, which became 200 part interests in the Beauharnois Power Syndicate.

(6) In addition to the above-mentioned 400 part interests in the Power Syndicate owned by the Roberts, W. H. Robert held a further three hundred units in his own name on which he owed \$10,000 as at December 17th, 1929. For the 700 part interests, referred to above, the Robert heirs received, on the dissolution of the Syndicate, cheques aggregating \$95,000, together with 28,000 shares of the Class A Common stock of the Beauharnois Power Corporation Limited.

(7) In the same year, Mr. Sweezey applied to the Quebec Legislature for an amendment to the Act incorporating the Company permitting the construction of a canal between Lake St. Francis and Lake St. Louis. This application was refused.

(8) On the 17th March, 1927, the Beauharnois Light, Heat and Power Company applied to His Excellency the Governor General in Council for approval of a proposal to build a power canal "which can be readily adapted for thirty foot navigation requirements also" from a point on Lake St. Francis near the mouth of the St. Louis feeder to Lake St. Louis and to use so much of the water of the St. Lawrence River as can be taken through the proposed canal without interfering with navigation and without interfering with existing prior rights in the River St. Lawrence." This application was not pressed.

(9) On the 17th January, 1928, the Beauharnois Light, Heat and Power Company applied to His Excellency the Governor General in Council "for approval under the Navigable Waters Protection Act of its plans and site of proposed works herein described and for the right to divert forty thousand cubic feet per second (40,000 c.f.s.) from Lake St. Francis."

(10) In March, 1928, by Statute of the Province of Quebec (18 George V Chapter 113), a new section, 11A, was added to the original Act of incorporation giving the Company the right to build a new canal from any point within two miles in a southwesterly direction from the mouth of the St. Louis feeder to any point on Lake St. Louis within one and a half miles in a westerly direction along the shore of Lake St. Louis from the mouth of the St. Louis River and giving the Company the right to expropriate lands not exceeding six arpents in width.

(11) On the 27th April, 1928, Mr. Sweezey and his associates obtained the passing of an Order in Council by the Executive Council of Quebec authorizing the granting to the Beauharnois Light, Heat and Power Company of an emphyteutic lease, which lease was subsequently executed on the 23rd June, 1928, and which grants to the Beauharnois Light, Heat and Power Company the rights of the Province of Quebec to such part of the hydraulic power of the St. Lawrence River as can be developed between Lake St. Francis and Lake St. Louis through a derivation (six diversion) Canal on the right (southern) shore of a maximum flowing capacity of forty thousand cubic feet per second (40,000 c.f.s.), (the Province reserving the ownership and the free disposition of the surplus) for a period of 75 years from the 23rd June, 1928, at an annual rental of \$20,000 for the first five years and \$50,000 for each of the subsequent years and an additional payment of \$1 for each horse power year revisable after each period of ten years from the date the plant will have been put in operation. The Company agrees that at the expiration of the first five years it will have installed 100,000 h.p.; at the expiration of the sixth year, 200,000 h.p.; at the expiration of the seventh year, 300,000 h.p.; and at the expiration of the tenth year, 500,000 h.p. The lease is granted without prejudice to Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs and also *upon the understanding that the lessee* "who is presently negotiating with the Federal Government shall obtain from the latter in so far as its rights are concerned, the authorization to divert a flow of forty thousand cubic feet per second (40,000 c.f.s.)" and in the event of the approval of the Federal Government not being obtained within twelve months, the lease may be cancelled by the Lieutenant Governor in Council.

(12) Having obtained the amendment to its Charter and the lease from the Province of Quebec, the Company pressed its application to the Governor General in Council and on the 15th January, 1929, a hearing was held by the then Minister of Public Works and two other members of the Dominion Government, at which were considered protests from shipping companies and power interests.

(13) The application originally contemplated the diversion of the whole flow of the St. Lawrence River. To meet the opposition to the application at this hearing, Mr. Aimé Geoffrion, K.C., who appeared for the applicant, amended the application to read as follows:

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording



satisfactory to the Government involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration.

(14) It should be noted that notwithstanding the limitation to the 40,000 c.f.s. the plans of the Company and the works so far as constructed clearly show and the officers of the Company and of the Department of Public Works admit that at all times there has been in contemplation the diversion of the whole flow of the River by this Company.

(15) A Committee of Departmental Engineers was constituted, composed of Mr. K. M. Cameron, Chief Engineer of the Department of Public Works, Mr. D. W. McLachlan, Engineer in charge of the St. Lawrence Waterway Project, Mr. J. T. Johnstone, Director Dominion Water Power and Reclamation Service and Mr. Louis E. Cote, Chief Engineer of the Department of Marine, and on the 30th January, 1929, made a report which is part of Exhibit No. 17, in the file of the Public Works Department 804-1-D.

(16) Certain paragraphs of this report are as follows:

83. The 40,000 c.f.s. diversion project can be authorized without injury to existing navigation, *if the plans submitted are subject to modification and to regulations embodying the restrictions referred to in this report.*

89. Having regard to the application under the Navigable Waters Protection Act, now under consideration, your Committee are of the opinion that the site and works proposed in the plans and application filed by the said Company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the Company and, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the Government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

14. The works proposed by the Beauharnois Company consist of the following:

1. A canal extending from Hungry Bay, at the foot of Lake St. Francis to Melocheville, at the head of Lake St. Louis, said canal being contained between banks which are 1,100 feet apart where hard materials are encountered, and 4,100 feet apart, where soft materials are encountered.
2. A power house at Melocheville equipped with ten 50,000 H.P. units.
3. Regulating works at Thorn Island and at Leonard Island. These are designed to hold up the level of Lake St. Francis, when a diversion of 40,000 c.f.s. from that Lake is made.
4. A series of works in the four rapid stretches of the river between Thorn Island and the head of Lake St. Louis. These are designed to maintain existing depths in channels, and also to maintain existing levels at the head and foot of the Cedar Rapids works.

15. The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway.

(17) The Committee expressed disapproval of the remedial works and channel improvements and in Paragraph 28 stated that the Committee while offering the suggestions aforementioned can only recommend approval of these works subject to modifications to meet conditions as experience shows them to be necessary. In Paragraph 31, the Committee says, "the design of remedial works for use in the Rapids below Grande Island is not yet worked out in a satisfactory manner." It will thus be seen that the approval of this Committee was qualified and that certain of the plans were not in their view sufficient.

(18) On the 8th March, 1929, Order in Council P.C. 422 was approved by His Excellency the Governor General on the report from the Minister of Public Works. This Order in Council recites the application of the 17th January, 1928, the deposit of plans, the grant of the emphyteutic lease and the report of the aforementioned Engineers.

(19) It sets out twenty-eight conditions, subject to which the recommendation for approval is made.

(20) The Committee, on the recommendation of the Minister of Public Works, submitted for His Excellency's approval, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—(Subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder), the annexed plans of works and the site thereof according to the descriptions and plans attached in booklet form, which works were proposed to be constructed by the Beauharnois Light, Heat and Power Company *with respect to the diversion of 40,000 c.f.s. from Lake St. Francis to Lake St. Louis* in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned.

(21) By reference to the large plan submitted with the application, and referred to in the Order in Council P.C. 422, and which is Exhibit No. 2A, it will be observed that there are two cross sections shown, one at Mileage 144.3 which shows a width between the embankments of about 1,100 feet, this being typical of the rock section of the work. This cross section also shows a width at the bottom of the deep section of the canal of something over 1,000 feet. In the cross section which is given as typical for each section, at Mileage 152.0 the width between the embankments is shown as about 4,100 feet, and the bottom of the deep section, approximately 27 feet, is shown as having a width of about 500 feet.

(22) Subsequently on the 29th July, 1929, modified plans were submitted to the Department of Public Works by the Company, and for these there were on the 22nd August, 1930, certain other plans substituted. None of these has as yet received the approval of the Minister of Public Works, although the Chief Engineer of the Department has recommended them for approval. Plans submitted on the 22nd August, 1930, did include plans for the remedial works, but such plans were subsequently withdrawn and as the matter now stands there is not before the Department for approval any plan or plans of these remedial works.

(23) On the 10th February, 1931, the Beauharnois Light, Heat and Power Company applied to the Quebec authorities for a lease of a further 30,000 cubic feet per second, and has now obtained this right.

(24) On the 25th June, 1929, an agreement was entered into between the Beauharnois Light, Heat and Power Company and His Majesty represented therein by the Minister of Public Works of Canada, Exhibit No. 43, which agreement incorporates the terms and conditions of P.C. 422.



(25) On the 6th November, 1929, the Governor General in Council passed three Orders in Council, numbers P.C. 2201, 2202 and 2203, authorizing the transfer of three water power leases from the Montreal Cotton Company to the Beauharnois Light, Heat and Power Company, and on the 3rd December, 1929, three agreements were entered into between the Montreal Cotton Company, the Beauharnois Light, Heat and Power Company, and His Majesty represented therein by the Minister of Railways and Canals of Canada (Exhibits 7A, 8A and 9A) by virtue of which the Beauharnois Light, Heat and Power Company acquired with the consent of His Majesty the right to use and divert into the canal to be built 13,072 cubic second feet presently used by the Cotton Company at or near Valleyfield under an effective head of about 10 feet.

(26) A difficulty may arise in connection with these three leases by reason of the fact that the Department of Public Works takes the position that under the Order in Council P.C. 422 there is only authority to grant an opening in the Hungry Bay dyke sufficient to take 40,000 cubic feet a second (See Evidence Page 363).

(27) On the 5th December, 1929, the Lieutenant Governor in Council of Quebec passed an Order in Council authorizing the diversion of this 13,072 feet.

(28) On the 20th March, 1930, the Charter of the Beauharnois Light, Heat and Power Company was further amended by enactment 20 George V, Chapter 136 (Quebec), which extended the expropriation powers of the Company so that for the purpose of building its new canal it might "expropriate such lands as may be necessary, not exceeding in all 21 arpents in width."

(29) In the final result, the Beauharnois Light, Heat and Power Company appear to have obtained from the Dominion of Canada Orders in Council purporting to authorize the diversion of 53,072 cubic second feet, subject to their obtaining permission to breach the Hungry Bay dyke sufficiently for that purpose, and subject also to compliance with the conditions of the Orders in Council and the approvals of plans.

(30) They have also obtained from the Province of Quebec a 75 year lease for 40,000 cubic second feet, authority from the Lieutenant Governor in Council of Quebec to acquire the use of 13,072 c.s.f. and in 1931 the right to use an additional 30,000 c.s.f.

## 5. CORPORATE ORGANIZATION

(1) There were two syndicates prior to the incorporation of the Beauharnois Power Corporation Limited, the present holding company, the first being the Beauharnois Syndicate and the second the Beauharnois Power Syndicate. These will be referred to, sometimes, for convenience as the First Syndicate and the Second Syndicate, respectively.

## THE FIRST SYNDICATE

(2) About the 12th May, 1927, Mr. Sweezey organized the syndicate known as the Beauharnois Syndicate, having 5,000 units or part interests. This Syndicate existed until the 4th April, 1928, at which date the holdings were as follows:—

Member	Number of part interests	Issue price	Amount
		\$ c.	\$
Blaiklock, S. Turnstall.....	25	100 00	2,500
Credit Generale du Canada.....	800	37 50	30,000
Dobell, Wm. M.....	50	100 00	5,000
Geoffrion, Aime P.....	200	100 00	20,000
Griffith, Hugh B.....	150	100 00	15,000
Ibbotson, Ivan L.....	25	100 00	2,500
Molson, F. S.....	350	45 71	16,000
Moyer, L. Clare.....	800	37 50	30,000
McGinnis, Thos. A.....	100	100 00	10,000
Newman, Henry.....	50	100 00	5,000
Newman, Sweezey & Co., Ltd., In Trust.....	1,050	42 86	45,000
Robert, Wm. H.....	100	100 00	10,000
Shortt, Dr. Adam.....	10	100 00	1,000
Stadler, John.....	100	100 00	10,000
Sutherland, Wm.....	25	100 00	2,500
Steele, R. W.....	250	100 00	25,000
Sweezey, R. O.....	900	.....	30,000
Kenny, T. Fred.....	15	100 00	1,500
	5,000	.....	261,000

(3) The units subscribed for in the name of the Credit Generale du Canada were subscribed and held for Senator Donat Raymond.

(3A) 1,000 of the units in the name of Newman, Sweezey & Company, Limited, were held for Frank P. Jones and 50 for Fred M. Connell. The Honourable Walter G. Mitchell had a half interest in Mr. Jones' holdings.

(4) The units in the name of L. Clare Moyer are said to have been subscribed on behalf of the late Winfield Sifton. Senator Wilfrid L. McDougald states that on the 18th May, 1928, he agreed to acquire them, the transaction being completed about the end of that month.

(5) The units in the name of R. W. Steele were held for the Dominion Securities Corporation.

(6) The price to subscribers Raymond and Moyer was \$37.50 per unit and Frank P. Jones acquired 800 of his and Mr. Mitchell's units from Newman, Sweezey & Company, Limited, at the same price.

(7) Of the 900 units in the name of R. O. Sweezey, 600 were issued pursuant to the syndicate agreement for consideration other than cash and the balance of 300 subscribed for at \$100 per unit.

(8) The 350 units subscribed for by F. S. Molson were at an average price of \$45.71 per unit.

(9) The Newman, Sweezey & Company, Limited, units were at an average price of \$42.86 and all other subscribers paid at the rate of \$100 per unit.

(10) The average price of the 4,400 units sold for cash was \$59.32.

## THE SECOND SYNDICATE

(11) On the 4th April, 1928, the Beauharnois Power Syndicate was organized and acquired the assets of the Beauharnois Syndicate, the consideration being two units of the new Syndicate for each one unit of the old Syndicate with the right to unit holders to subscribe for as many units in the new Syndicate as each already held therein at \$100 per unit, being the par value thereof.

(12) The members of the Beauharnois Power Syndicate holding 100 or more units or part-interests, as on the 17th December, 1929, were as follows:—

Members	Number of Part Interests
Gerald E. F. Aylmer & E. J. Mackell.....	100
S. Turnstall Blaiklock.....	100
A. L. Caron.....	221
Fred M. Connell.....	200
H. V. Cullinan & D. M. Carmichael.....	250
William M. Dobell.....	200
Dominion Securities Corporation Ltd.....	1,492
John P. Ebbs.....	5,200
Aimé Geoffrion.....	800
Hugh B. Griffith.....	600
Hanson Brothers Inc.....	110
C. J. Hodgson & Co.....	175
Angus W. Hodgson.....	740
J. Charles Hope.....	130
Jones Heward & Co.....	210
Thomas A. McGinnis.....	450
F. Stuart Molson.....	465
F. W. Molson.....	100
Montreal Trust Co.....	8,000
Henry Newman.....	395
Newman, Sweezey & Co. Ltd.....	410
O'Brien & Williams.....	101
Joseph H. Paull.....	100
W. C. Pitfield & Co. Ltd.....	152
Hon. Donat Raymond.....	351
Ritchie (R. L.) and Gilmore (K. F.) in trust.....	350
Wm. H. Robert, Joseph A. Robert, Miss Sarah M. Robert, personally, and as executors of the late Sarah Robert.....	200
William H. Robert.....	366
William Sutherland.....	100
Robert O. Sweezey.....	1,000
Part interest holders of less than 100 part interests.....	1,932
	<hr/> 25,000

All of these with the exception of part interests exchanged for holdings of part interests in the first syndicate, and the 2,000 part interests that were used to purchase the shares of the Sterling Corporation, and also except 200 units issued to the Robert heirs, were paid for at the rate of \$100 per part interest. These 2,000 units are included above in the holdings of John P. Ebbs.

The 5,200 units in his name were held for Hon. W. L. McDougald, and will be referred to hereafter.

(12A) The capital of the Beauharnois Syndicate consisted of 30,000 units at the par value of \$100 each, of which 25,000 were issued.

(13) The tangible assets of the first or Beauharnois Syndicate totalled not over \$261,000 as on the 4th April, 1928.

## BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY

(14) This Company has been in existence since 1902, as previously mentioned. The control passed to Mr. Sweezey and his associates on or about the 3rd February, 1927. Under the agreement of that date (Exhibit No. 60) and according to the Minutes of the meeting of the Directors held on that day, Mr. H. B. Griffith was elected a Director and Secretary of the Company. It



was not, however, until the 13th June, 1927, that a Board of Directors consisting of Mr. Sweezey and his associates including Mr. R. W. Steele, representing the Dominion Securities Corporation, took charge of the Company's affairs.

#### BEAUHARNOIS POWER CORPORATION LIMITED

(15) This Company was incorporated on the 17th September, 1929, by the Ottawa legal firm of McGiverin, Haydon and Ebbs by letters patent under the Dominion Companies Act. It was granted wide powers of acquisition and development of natural resources and in connection with the production, use, distribution or disposal of energy, power, water, light or heat.

(16) The authorized capital stock is five Management Preferred shares without nominal or par value; 1,799,995 Class A Common shares without nominal or par value and 3,200,000 Class B non-voting Common shares without nominal or par value.

(17) The holders of the five Management Preferred shares during the ten years next succeeding the date of the letters patent have the exclusive right to vote for the election of Directors of the Company. At the expiry of this period these automatically become Class A Common Shares.

(18) At a meeting of the Company on the 31st October 1929 held at the office of Messrs. McGiverin, Haydon and Ebbs in the City of Ottawa, a proposed memorandum of agreement, dated the 31st October 1929, between the Beauharnois Power Syndicate, the Marquette Investment Corporation and the Beauharnois Power Corporation Limited, was submitted providing for the acquisition by the Company or its nominees of all the undertakings and assets of the Syndicate except unpaid or uncalled balances in respect of purchases of units or part interests of the Syndicate. The consideration was

- (a) \$4,750,000 cash
- (b) the assumption by the Company of the liabilities and obligations of the Syndicate and
- (c) the undertaking by the Corporation to defray expenses not exceeding \$10,000 of the winding up of the affairs of the Syndicate and the distribution of its assets amongst the members.

The Syndicate, on the other hand, agreed to subscribe at \$1 per share for 1,000,000 Class A Common shares of the Company.

(19) It was resolved that this memorandum of agreement be approved and executed on behalf of the Company.

(20) The Directors present at this meeting were O. F. Howe, and D. K. McTavish, Barristers of Ottawa, and the Misses Belle Fraser, Lila Brennan, Edythe H. O'Malley, Bessie Conniffe, Lillian Dell, Elsie M. Burritt, Gwen Gunderson, Kathleen Havey and Mary H. Kelly, stenographers, all of the City of Ottawa.

(21) At this same meeting, according to the minutes, there was authorized a proposed agreement, dated the 31st October 1929, between Beauharnois Power Corporation Limited of the first part and Newman, Sweezey & Company, Limited and the Dominion Securities Corporation of the second part, providing for the creation and issue of thirty year 6 per cent collateral trust sinking fund bonds of the Company to the authorized principal amount of \$30,000,000 and for the sale to Newman, Sweezey & Company, Limited and the Dominion Securities Corporation of the said bonds, together with 770,000 Class A Common shares of the Company for the price of \$27,000,000 and accrued interest of said bonds. This agreement

was subsequently ratified by the shareholders at a meeting held on the same day and at the same place, the above named Directors being all of the shareholders and all being present.

(22) The agreements were subsequently executed and carried out. The Beauharnois Power Syndicate was dissolved as of the 17th December, 1929, its tangible assets at that time consisting of the amount paid in—aggregating for the two Syndicates \$1,561,000. This includes unpaid balances of subscriptions which on the final settlement were deducted from the amounts payable to the individual members, and \$20,000 par of units issued to Robert in part payment for Robert's rights.

(23) The tangible consideration received in respect of the 25,000 part interests issued by the Beauharnois Power Syndicate may be shown thus:

Particulars	Part Interests	Amount
		\$
Issued to members of Beauharnois Syndicate for the acquisition of the undertaking of that Syndicate.....	10,000	261,000
Issued for cash consideration.....	13,000	1,300,000
Issued for the capital stock of Sterling Industrial Corporation Limited.....	2,000	.....
	25,000	1,561,000

For purposes of exactness, it should perhaps be noted that the above amount of \$1,300,000 includes \$20,000 in respect of 200 part interests of Beauharnois Power Syndicate issued as fully paid to the Robert Heirs in part consideration of the purchase of the shares of Beauharnois Light, Heat and Power Company, etc.

(24) As a result of the agreement above mentioned, the Syndicate members receive for each part interest \$150, and 40 Class A shares of the Beauharnois Power Corporation Limited, which Class A shares are set up in the books of the Company at \$1 per share and have had a market value as high as \$17 per share, the low price being \$4 per share.

(25) On the above basis the cash profit paid to the members of the Syndicate would amount to \$2,189,000, to which should be added 1,000,000 Class A shares, which were purchased by an additional \$1,000,000.00 part of the consideration for the transfer of the Syndicate assets. The above mentioned \$2,189,000 was paid out of \$27,000,000 received from the sale of the bonds and shares under the agreement with Newman, Sweezey and Company, Limited, and the Dominion Securities Corporation.

(26) *The Marquette Investment Company* is a company controlled by Newman, Sweezey & Company, Limited, and organized for the purpose of acting as trustee and depository and dispersement agent of the Beauharnois Syndicate. (Exhibit No. 59).

#### SUBSIDIARY COMPANIES

(27) There are also the following wholly owned subsidiaries of the Beauharnois Power Corporation Limited, in addition to the *Beauharnois Light, Heat and Power Company*, namely:—

*The Beauharnois Construction Company*, having charge of the actual work of construction under contract; and the

*Beauharnois Transmission Company*, having to do with the actual transmission lines and the transmission of the electric energy to be produced; the

*Beauharnois Land Company*, in which is vested the lands of the Company, including land acquired in addition to all that required for actual canal construction and which it is hoped to dispose of for industrial sites, residence and other purposes in connection therewith, the

*Beauharnois Railway Company*, organized to build and operate the construction railway; the

*Marquette Construction Company*, a Delaware corporation, organized to purchase in the United States and lease to the Canadian Construction Company certain machinery which it is hoped to return duty free to the United States after use on the canal, where it is said to be more readily saleable.

## 6. AUTHORITY FOR CONSTRUCTION WORK

(1) According to Mr. Henry, actual construction on the north embankment was commenced on the 7th August, 1929, in the vicinity of Lake St. Francis, and on the south embankment on the 23rd April, 1930.

(2) Condition 11 of Order in Council P.C. 422 provides that the Company shall not commence the construction of the works until detailed plans of construction "...have been submitted and approved of by the Minister...."

(3) The work as it is being carried out is not in accordance with the plans referred to in this Order in Council in certain important respects, viz.:

(1) The banks are about 3,300 feet apart, whereas the original plans show a width of about 1,100 feet in the rock section and 4,100 feet in the earth section.

(2) The width at the bottom of the navigation part of the canal is shown in the original plan, Exhibit No. 2A, in one place as considerably less than 600 feet, and in another at considerably more, whereas the actual 27 foot channel is being dug at a bottom width of 600 feet.

(3) The entrance to the canal from Lake St. Francis according to the last plan filed on the 22nd August, 1930, and as actually being excavated, is some 3,000 feet northerly and nearer the head of the Cedar Rapids than shown on the Plan, Exhibit No. 2A.

(4) The remedial works shown on the original plan have not been approved either by Order in Council or by the Minister.

(5) The Hungry Bay dyke has been breached and a substitute feeder for the old St. Louis feeder dug on the south side of the proposed canal wholly without governmental authority.

(6) Certain questions have been raised as to the rights to pass Order in Council P.C. 422:

(1) Does the Navigable Waters Protection Act give the Governor General in Council the right to authorize the diversion of the water from a navigable river?

(2) Can any of the powers given under that Act to the Governor General in Council be delegated to a Minister, or to anyone?

(3) Is the right of the Governor General in Council limited to the approval of plans already submitted, i.e., can the Governor General in Council approve of plans to be submitted in the future.

(4) Can the Governor General in Council approve of the plans after the work has been done or partly done, or in the alternative is his power limited to approval of work the plans of which have been submitted before the commencement of the work.



(7) Your Committee finds as a fact that the work of construction is proceeding according to plans which have not received the approval of the Governor in Council or of the Minister of Public Works.

#### 7. HUNGRY BAY DYKE

(1) The Province of Canada in 1856 and subsequent year, constructed a dyke along the shore of that part of Lake St. Francis known as Hungry Bay. This dyke at Confederation passed to the control of the Dominion of Canada, and it has since been maintained through the agency of the Federal Department of Railways and Canals. It will be necessary before water can be diverted to the canal from Lake St. Francis that permission be obtained from the Crown in the right of the Dominion of Canada to breach this dyke.

(2) An application was made on the 29th day of July, 1929 for a conveyance to the Company of that part of the dyke opposite the lands owned by the Beauharnois Company, to the extent of 9,064 feet measured along the dyke. This application is now pending.

#### 8. AMBIGUITY IN ORDER IN COUNCIL

(1) Condition Number 3 of Order in Council P.C. 422 provides that "the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second." If this means that at no time can the quantity of water diverted exceed 40,000 cubic feet per second, it is doubtful whether 500,000 h.p. can be developed by the use of that quantity of water, even adding thereto the 13,072 cubic second feet obtained by assignment of the Montreal Cotton Company's lease.

(2) Your Committee is of the opinion that any ambiguity in this respect should be removed.

#### 9. CONTROL OF WATER

(1) The present plans do not provide for the control of the water at the entrance to the proposed canal. It has been stated in evidence that for this purpose and for reasons of safety, some method of control should be adopted, whether by way of a dam and gates, or a control lock at this point.

(2) Considerable time was spent by Mr. Henry in an endeavour to establish that proper control could be maintained by the Dominion authorities at the gates leading to the water wheels.

(3) Your Committee was impressed with the idea that there should be some means of control at the entrance to the canal.

#### 10. SITE OF WORKS

(1) The topography of the locality and the ground at the site of the works are of such a character as to render possible and of comparatively easy attainment the large power development contemplated at a quite reasonable cost.

(2) Your Committee is of the opinion that from the physical standpoint a power development on the south shore of the Soulanges section of the St. Lawrence River is fundamentally sound and that with proper safeguards and regulation a navigable canal can be developed synchronously with the power development and utilized as a link in the St. Lawrence Great Waterway, at a reasonable cost to the Dominion of Canada for locks and bridges.

(3) While the present plans are not in accordance with the proposals of the International Joint Board for this section of the river mentioned in their Report of 1926, nevertheless, in view of the amount of money already expended, and of the possibility, as we believe, of the utilization of this canal for navigation purposes, we think that from the navigation standpoint the scheme should not be abandoned.

#### 11. ROBERT A. C. HENRY—VICE PRESIDENT AND GENERAL MANAGER

(1) Mr. Henry is an engineer of considerable imagination. He first became interested in the canalization of the Soulanges section of the St. Lawrence River as early as 1922 or 1923. He then discussed the project with Senator McDougald.

(2) This resulted in an arrangement between them by which Mr. Henry was to make an investigation, Senator McDougald agreeing to finance him up to \$10,000. As a result, a Company called the Sterling Industrial Corporation, Limited, was formed in the office of Messrs. McGiverin, Haydon and Ebbs (Exhibit No. 63). The incorporators were Honourable Andrew Haydon, John Parsons Ebbs, and Mary Hilda Kelly, Belle Fraser and Lila Brennan, stenographers of the City of Ottawa. By the letters patent dated the 5th July, 1924, the Company was empowered to carry on the business of an electric light, heat and power company in all its branches and incidentally thereto has wide powers. The authorized capital consists of 500 shares without nominal or par value and the letters patent provide that the Company shall carry on business with a capital of \$2,500, of which only five shares have ever been issued.

(3) On the same day—the 5th July, 1924—this Company made application to the Department of Railways and Canals for the right to divert from the St. Lawrence River 30,000 c.s.f. at Lake St. Francis and to use the same for power purposes. On the 7th July, 1924, a similar application was made to the Department of Public Works. The Company never acquired any rights and so far as its Minutes show never attempted to do anything other than file these applications. To each was attached a plan, Exhibit No. 62, dated Ottawa, 20th June, 1924, and signed John B. McRae, engineer, and having this note on its face, "This plan has been traced from plans made by the Department of Railways and Canals."

(4) Mr. Henry joined the Department of Railways and Canals in 1912 as Inspecting Engineer of Railways and Structures. He remained in various capacities with that Department until 1923 when he joined the Canadian National Railways on the 1st March of that year as Director of Bureau of Economics. He remained with the Railway's until the 14th February, 1929, when he was appointed Deputy Minister of Railways and Canals, on the recommendation of the Prime Minister, by Order in Council, P.C. 192 (Exhibit 76). He held this position until the 10th March, 1930, and was appointed General Manager of the Beauharnois Power Corporation, Limited, by agreement, dated the 10th March, 1930. His appointment to the Beauharnois Company had evidently been under discussion for some time for Senator McDougald says (Evidence, page 960) that there was an arrangement with him (McDougald) and Mr. Sweezey that Mr. Henry would go in with Beauharnois as soon as he could get away from the Canadian National Railways and that that was some time in 1929 and prior to the 13th January of that year, so that Mr. Henry accepted the position of Deputy Minister at a time when he had an arrangement to go in with Beauharnois. Senator McDougald says he was surprised when he saw a report in the newspaper of Mr. Henry's appointment as Deputy Minister—so surprised that he telephoned from London to Canada "because my understanding with Mr. Henry before I left Canada was that he



would take up his duties with the Beauharnois Company with Mr. Sweezey and myself just as soon as he could make arrangements to get away from the National Railways."

(5) It is worthy of note that the three Orders in Council numbered respectively 2201, 2202 and 2203, approving of the transfer of the leases from the Montreal Cotton Company all dated the 6th November, 1929, each contain the following:—

The Minister, on the advice of the Chief Engineer of the Department, *concurred in by the Deputy Minister*, recommends that authority be given, etc.

(6) Evidence was submitted that Mr. Henry had not been consulted about any matters pertaining to Beauharnois. His position, however, was to say the least, quite anomalous.

(7) The beneficial ownership of the Sterling Industrial Corporation Limited was and always has been in Senator McDougald and Mr. Henry until the transfer thereof to the Beauharnois Power Syndicate pursuant to the agreement dated the 18th December, 1928. By that agreement, Mr. Henry and his partner, Senator McDougald, were to receive 2,000 units in the Beauharnois Power Syndicate, conditional on the passing of P.C. 422. [It was not until August, 1929, that the actual interests of Senator McDougald and Mr. Henry were agreed upon at 50 per cent each but each affirm that it was always understood that they were partners in the transaction, so that during all of the time Mr. Henry was Deputy Minister of Railways and Canals, he had a very substantial interest in the Beauharnois Power Syndicate or, after the 17th December, 1929, in the Beauharnois Power Corporation Limited, an interest out of which he made quite substantial profits as will hereafter appear. He was Deputy Minister of Railways and Canals at the time of the passing of the Order in Council P.C. 422, and was deeply interested in securing the approval of the plans of the Beauharnois project and your Committee is asked to believe that he took no active interest in securing the approval of the Governor in Council. One can easily imagine, however, that in his position as Deputy Minister he threw no obstacle in the way, once the obstacle or nuisance value of the Sterling application had been determined.]

(8) Mr. Henry, at his appointment to the Managership of the Beauharnois Power Corporation Limited, also obtained 8,995 shares of that Company at \$1 per share. Your Committee is also satisfied that Mr. Henry participated to some extent at least in the withdrawal of Company's funds for political purposes.

(9) Mr. Henry's connection with Senator McDougald, and their success in despoiling the Company of a large sum of money or money's worth for something that on the evidence was entirely worthless, does not commend him to your Committee as a fit and proper person to continue in the management of this great public utility.

## 12. MR. R. O. SWEZEY

(1) Mr. Sweezey seems to have been the principal promotor of the Beauharnois project. He is now President of the Beauharnois Power Corporation Limited, and is a civil engineer by profession.

(2) In 1912 he was engaged by the Royal Securities Corporation to investigate certain water powers, and in 1913 was instructed by the present Lord Beaverbrook, the then President of the Royal Securities, to investigate the water power now known as Beauharnois. A copy of his report is filed as Exhibit No. 123.



(3) Mr. Sweezey states that in 1925 or 1926 Mr. Narcisse M. Cantin brought the matter again to his attention and it is stated by Mr. Cantin in his evidence, and not denied by Mr. Sweezey, that from the 4th April, 1925, to December of 1926, Mr. Sweezey was chief engineer of the Transportation and Power Corporation Limited, the Cantin company.

(4) As early as the 14th October, 1926, Mr. Sweezey had conceived the idea of forming a syndicate to take up the Beauharnois project, and his ideas of how to go about it are outlined in a letter written by him to Mr. Alderic Raymond, brother of Senator Raymond, on that date. In this letter he states: "To place ourselves in possession of all the rights essential to this undertaking we should pursue the following course:—

"1. Acquire the Robert rights which are fundamental in regard to an initial grant which he holds to divert 40,000 c.f.s. He also holds rights granted by charter to expropriate for the proposed canal route. Numerous other incidental rights are included in his holdings which he is anxious to sell, though he wishes to participate partially in the organization syndicate.

2. Acquire the control of the St. Lawrence Waterways and Power Company stock, which is available to us, and upon which we have already a substantial hold.

3. Enlist with our syndicate two or three individuals, who in addition to providing some cash as their fair share, can assist us in getting our rights extended or enlarged so as to develop the entire available flow of the St. Lawrence at this point. As the whole situation is entirely within the Province of Quebec, our influence has to be exerted only in Canadian political circles—that is, at Ottawa and at Quebec. He further says: "In connection with personnel of syndicate, I have in mind the individuals we should enlist with us. . . . I have hesitated to accept anyone definitely until certain that each and every one is *persona grata* to all others."

(5) Asked as to who the persons he had in mind were, he at first could not remember. When later recalled and confronted with his answers on a former occasion under oath, he admitted that they were Senator Raymond, Honourable W. G. Mitchell, and Frank P. Jones, the latter of whom was desirable only for his ability to help with the finances.

(6) It is obvious, therefore, that from the very threshold of this undertaking he had in mind that he had to associate with him men who could exert influence in political circles at Ottawa and at Quebec. How well he succeeded remains to be seen.

(7) He states that he had talks with Senator McDougald, "and I was trying to get from Senator McDougald his view as to what the difficulties would be in overcoming the political work to be done." This was probably in 1925 or 1926.

(8) Mr. Sweezey succeeded in enlisting the help of all these gentlemen, first Senator Raymond, who was a subscriber for 800 part interests or units in the first syndicate through the Credit Generale du Canada; Honourable Walter Mitchell, who was an equal partner with Mr. Jones in the units purchased by Mr. Jones from Newman, Sweezey & Company; and Mr. Jones himself; and ultimately Senator McDougald, who agreed to join the ranks on the 18th May, 1928.

(9) On the formation of the first syndicate Mr. Sweezey obtained 600 part interests for his activities up to that time, and he subscribed and paid for 300 units at \$100 per unit. On the transfer of the assets to the second syndicate,

his holdings doubled in number, and at the period of distribution, as of the 17th December, 1929, he appears by the books to have been the holder of 1,000 part interests.

(10) Mr. Sweezy's idea from first to last seems to have been that in order to secure the approval of the authorities at Quebec and Ottawa, it was necessary to deal with a lavish hand with his own moneys and those of the companies concerned. In pursuance of this idea he proceeded to employ a formidable array of legal talent, resulting ultimately in the payment up to the 31st December, 1930, of so called legal fees amounting to \$436,000.

(11) The bills of some of these legal gentlemen show that the work was not of a strictly legal nature, and consisted to a certain extent of lobbying, and in fact one fee of \$50,000 to Senator Haydon's firm was made contingent upon the Beauharnois Light, Heat and Power Company obtaining approval of its plans.

(12) Mr. Sweezy was also, in association with Mr. H. B. Griffith and at least two other unnamed directors, the instrument by which approximately \$300,000 of Company funds were misused, as he alleges for campaign purposes. This is surely contrary to the purposes for which these moneys were borrowed from the public through the issue and sale of the Company's bonds.

(13) Your Committee considers that Mr. Henry as General Manager and Mr. H. B. Griffith, as Secretary-Treasurer, and Director of the Beauharnois Light, Heat and Power Company, and other subsidiaries, are involved in this misuse of Company funds. Mr. Sweezy's further activities in respect to campaign funds will be dealt with in a separate paragraph.

(14) According to the evidence of Senator McDougald, Mr. Sweezy and he had arranged that Mr. Henry should join the Beauharnois Company and the matter had been discussed prior to the death of the then Deputy Minister Graham Bell, which occurred on the 13th January, 1929. It is, therefore, obvious that Mr. Sweezy must have released him from this arrangement and agreed to Mr. Henry's joining the Department of Railways and Canals at a time when he, Mr. Sweezy, knew that Mr. Henry had arranged to become interested as an employee of Beauharnois and this at a time when Mr. Henry, as the partner of Senator McDougald in the Sterling transaction, had acquired a substantial interest in the Beauharnois Power Syndicate.

### 13. CAMPAIGN FUNDS

(1) Mr. R. O. Sweezy has admitted in his evidence that he was responsible for the following contributions:—

(2) For contributions for political purposes aggregating \$864,000 and which includes the sum of \$125,000 paid to John Aird Jr., of which mention will be made hereafter. Of this total, approximately \$300,000 were Company funds and the balance was raised by Mr. Sweezy personally and probably at least in part came out of the large profit made on the sale of the Syndicate assets to the Beauharnois Power Corporation and, therefore, indirectly out of the moneys borrowed on the sale of the Company's bonds. Mr. Sweezy states (Evidence page 821) that he contributed personally to the Liberal Party "somewhere around \$600,000 to \$700,000. This large sum was paid to Senators Haydon and Raymond. On page 822, Mr. Sweezy says that the total contributions to the Liberal party would run up well over \$700,000 and in this there was included a sum stated by Mr. Sweezy to be in the neighbourhood of \$100,000 and by Mr. Griffith to be about \$120,000, which were Company funds.

(3) Mr. Sweezy is unable to state how much was paid to them but he and Mr. Griffith agree that out of the sums paid to Senator Raymond, the Liberal Party of the Province of Quebec was to be taken care of. Mr. Sweezy says that he has no knowledge of how much went to the Province of Quebec nor does he tell how much of the total amount was paid each of these two Senators. He, however, ventures the statement that the amount received by Senator Raymond might have been in the neighbourhood of \$200,000.

(4) On page 822, Mr. Sweezy is asked the question, "Then you spoke of contributions to the Conservative party. What amounts were they and to whom were they paid"? Answer—"They were small amounts. Some of them were to help personal friends whom I had been helping, as a matter of fact, for a number of years in their campaign work." Mr. Sweezy spoke of contributing \$6,000 to the campaign of Mr. Leslie Bell and Mr. Bell in his return under the Dominion Elections Act is said to have published this contribution, as required by Section 80 of such Act. Contributions were also made, according to the testimony of Mr. Sweezy and Mr. Griffith, to General McCuaig, understood to be a collector for the Conservative Campaign Fund in Montreal, of \$10,000. Mr. Sweezy is not clear as to whether there were any further contributions to the campaign fund of this party. Mr. Griffith, however, states that there was a contribution to Mr. Cartier and that the total contributions to Conservative candidates or party organizers were \$25,000. Mr. Sweezy, on the other hand, thinks that the amount was \$30,000 but refers to Mr. Griffith for the correct amount.

(5) Contributions were also made to Mr. W. R. P. Parker, President of the Ontario Liberal Association amounting to about \$3,000. There was also a suggestion with reference to a proposed contribution to the Conservative Federal Campaign fund through its organizer, General McRae. This, however, was not made. Asked if the reason for its not having been made was that Mr. Bennett would not accept it, Mr. Sweezy in his reply said "I do not know that but I presume that may be so."

(6) There appears also to have been a contribution of \$20,000 to Mr. Cartier on behalf of the Conservative Party of the Province of Quebec, but it does not appear clearly whether this was included in the sum of \$30,000 above mentioned or in addition thereto. This item of \$20,000 appears in a cheque of the Marquette Investment Corporation, dated the 7th March, 1931, payable to cash, endorsed by Mr. Sweezy and charged to accounts receivable, in respect thereto Mr. Sweezy says "I think probably that must be the item contributed to the Conservative Party in Quebec."

(7) Asked by Mr. Jacobs who got that money, the answer was "That went to the funds of the Conservative Party." Asked who received the money Mr. Sweezy states "Mr. Cartier, I understand it was on behalf of Mr. Houde's party."

#### THE JOHN AIRD JR. PAYMENT

(8) This leaves but one further item to be discussed,—the sum of \$125,000 paid by Mr. Griffith at the direction of Mr. Sweezy to Mr. John Aird, Jr., of Toronto. This sum, as to \$120,000 thereof, was procured by a rather ingenious device; Mr. Griffith purchased 8,000 shares of the Marquette Construction Company, at \$5 a share, for \$40,000, and immediately purported to sell them to the Beauharnois Construction Company at \$20 a share, for \$160,000, and took out the difference, \$120,000, in cash which he used to purchase through Newman Sweezy & Company Dominion of Canada Bonds at a par value of \$120,000.



(9) Mr. Sweezey says (Page 823): "I know we made a contribution to some one who represented himself as standing up for an Ontario fund of this kind," and that this representation was made to him by Mr. John Aird, Jr. Asked what Mr. Aird said, Mr. Sweezey's answer is: "That he thought a contribution would be in order to the Ontario Conservative Party because we would probably be having a lot more dealings with the Ontario people and that gratefulness was always regarded as an important factor in dealing with democratic governments."

(10) The delivery of the bonds is said to have taken place some substantial time after the last Ontario general election, and the conversation between Mr. Aird and Mr. Sweezey is said to have occurred some months before the delivery of the bonds, which were handed over on the 6th December, 1929.

(11) Mr. Aird says in his evidence that the first interview with Mr. Sweezey took place at the Ritz Carlton Hotel, Montreal, in the early Fall of 1929, at a time when the Beauharnois organization was negotiating for a contract for the sale of electric power to the Hydro-Electric Power Commission from whom they obtained a contract for 250,000 h.p. at \$15 per h.p., on or about the 21st November, 1929.

(12) Mr. Aird, (evidence page 844) is asked whether the receipt of these bonds was on behalf of any political party, and his answer is "No." Asked on whose behalf it was, his answer is: "On my own." Asked this question: "Was it on behalf of anybody, or was anybody interested but John Aird Junior personally in these particular bonds to the extent of \$120,000"? his answer is: "No, sir, decidedly not."

(13) On page 847 of the Evidence there appears the following:

*By Mr. Jacobs:*

Q. It was not your intention to turn this over to the organization at all?—A. No, I did not give Mr. Sweezey any communication that I was going to do so.

Q. You swear to that?—A. Yes.

(14) On page 849, by Mr. Jacobs:

Q. You would swear you did not, directly or indirectly, represent to Mr. Sweezey that you were an emissary of the Conservative political organization in Toronto?—A. Yes.

Q. You swear to that?—A. Yes, I do.

(15) Mr. Aird states that he belonged to no political organization of any kind and had not taken any interest in party politics, and also that the arrangement between him and Mr. Sweezey was purely a personal one between the two of them.

(16) Whether the truth lies on one side or the other, it is clear there is no evidence before the Committee that would indicate that any of these bonds have reached any political organization, or any person authorized to receive campaign funds.

(17) Mr. Aird's statement is supported by the evidence of various Bank officials as per details set out hereunder. Mr. Aird further stated that the coupons were personally collected by Mr. Aird. (Evidence Page 974).

(18) The evidence establishes that the \$120,000 par of bonds handed to Mr. Aird by Mr. Griffith on the 6th December, 1929, have been dealt with as follows:

(A) Held for safekeeping or as collateral by the Royal Bank of Canada, the Canadian Bank of Commerce, and the Bank of Nova Scotia.....	\$ 65,000
(B) Sold.....	5,000
(C) Exchanged.....	50,000
	<u>\$ 120,000</u>

The detail of the bonds exchanged is:—

(1) \$10,000 for £3,100 G.T.P. 1962.....	£ 3,100
£2,600 held at Canadian Bank of Commerce, account Concrete Mas-	
onry.....	£ 2,600
Sold.....	500
	<u>£ 3,100</u>
(2) \$10,000 for \$11,000 Province of British Columbia 1955.....	\$ 11,500
Later exchanged for \$11,500 Province of Alberta 1957—of which held	
at Canadian Bank of Commerce for safe keeping.....	\$ 9,500
Held at Royal Bank, account Champlain Construction Co.....	2,000
	<u>\$ 11,500</u>
(3) \$10,000 for \$11,000 Toronto Harbour Commission 1953.....	\$ 11,000
Held at Canadian Bank of Commerce for safe keeping.....	\$ 5,000
Exchanged for Eglinton Hunt.....	1,000
Sold.....	5,000
	<u>\$ 11,000</u>
(4) \$10,000 for \$12,000 Province of Saskatchewan 1957.....	\$ 12,000
Held at Aird, McLeod & Co. as collateral.....	\$ 4,000
Held at Royal Bank, account Champlain Construction.....	8,000
	<u>\$ 12,000</u>
(5) \$10,000 for \$12,000 Hydro-Electric Power Commission 1957.....	\$ 12,000
Held at Royal Bank on account Champlain Construction.....	12,000
	<u>\$ 12,000</u>
<u>\$50,000</u>	

#### SUMMARY OF SALES

Bonds originally obtained from Griffith.....	\$ 5,000
Grand Trunk Pacific £500 say.....	2,500
Toronto Harbour Commission.....	5,000
	<u>\$ 12,500</u>

Mr. Aird's evidence is that the proceeds of bonds sold were expended for his personal purposes.

(19) Neither Mr. Swezey nor Mr. Griffith pretended to speak with exactitude as to the actual amount of moneys contributed for political purposes. In this connection Mr. Swezey says: "It was a very distasteful thing to me and I personally preferred not to know or remember much about it."

(20) Your Committee considers that return should be made immediately of any moneys improperly taken from the companies' funds for political subscriptions by those responsible for their extraction.

(21) It is also to be observed that no pretence is made that the personal subscriptions were because of the adherence of Mr. Swezey to any particular party and we are of the opinion that they were shamelessly, wastefully and needlessly made for the express purpose of obtaining favourable consideration of the Company's proposals to the Government.

(22) That Mr. Sweezey was solicited for these contributions appears on page 822 of the Evidence, where in answer to Mr. Lennox he states: "I could not deliver that amount of money in one fell swoop. I had to scratch it up where I could from time to time." Further on, in speaking of the \$10,000 campaign fund to General McCuaig, Mr. Lennox remarked: "You did not treat us very generously." Mr. Jacobs: "The fact that the party is in power is some indication." Witness: "They did not press me so hard, sir."

(23) The evidence on Page 826:

*By Mr. Lennox:*

Q. You said Senators Raymond and Haydon were designated as the proper persons to whom you should pay this fund? Who designated them?" Answer: "Nobody specifically designated them; I just happened to know it; they came and told me they were."

#### 14. SENATOR HAYDON

(1) The first connection of Senator Haydon with the Beauharnois project appears to be in 1924, when his firm incorporated for Senator McDougald and Mr. Henry the Sterling Industrial Corporation on the 5th July of that year and made the application of that Company to the two Departments of the Government for the right to divert 30,000 c.f.s.

(2) His firm was retained by Mr. Sweezey for the Beauharnois Power Syndicate in the fall of 1928 under somewhat peculiar circumstances.

(3) Senator Haydon has been a member of the Senate since March 11th, 1924, and was known to Mr. Sweezey to be a member of the Liberal Party who collected campaign funds. The retainer was of an unusual character. The firm demanded in excess of \$30,000 per year but Mr. Sweezey demurred and finally arranged that the firm of McGiverin, Haydon and Ebbs would be paid the sum of \$50,000, conditionally upon approval of its application by the Governor in Council. On October 3rd, 1928, this firm received a cheque from the Marquette Investment Company for \$7,500 for legal services. On page 728, Mr. Sweezey says in an interview with Mr. McGiverin, "However, by a compromise I agreed that if the thing got through, I would prefer to pay on that basis; if it went through I would pay him \$50,000, and a retainer for three years at \$15,000...it is human nature to work harder at a price." Asked, in the event of failure what would happen, Mr. Sweezey's answer was "Well, he would have his expenses. At least I presumed that he would have to have his expenses. . .I was sure he would charge me something for it." This arrangement was apparently made, according to Mr. Sweezey, some time prior to the 2nd October, 1928 (Evidence Page 729).

(4) On the 2nd October, 1928, a transfer was made to Mr. Ebbs of the Haydon firm, from Mr. Clare Moyer of the interest Mr. Moyer then held in the Beauharnois Power Syndicate for Senator McDougald.

(5) Mr. Ebbs, Senator Haydon's partner, acted as Syndicate Manager for some time representing Senator McDougald. The Order in Council was approved. Senator Haydon's firm was paid \$50,000 and thereafter received several cheques in pursuance of the arrangement made with Mr. Sweezey by which that firm was to be paid a retainer of \$15,000 per year.

(6) Senator Haydon was a man of note and standing in his party and was recognized as one of the official organizers of the Liberal party in Canada. Senator Haydon became the recipient from Mr. Sweezey and the Beauharnois Company of sums of money for campaign purposes, said to be in excess of half



a million dollars, and it is also to be noted that throughout this firm did not render any detailed bill for professional services, as shown by the vouchers (Exhibit Nos. 85 to 87 inclusive).

(7) In these circumstances, your Committee is of opinion that the acceptance of the above mentioned contingent retainer and of the \$50,000 involved, and of the campaign funds by Senator Haydon cannot be defended and is strongly condemned.

### 15. SENATOR RAYMOND

(1) Senator Raymond was appointed to the Senate on the 20th December, 1926. He, voluntarily, after the permission of the Senate had been granted, appeared before the Committee on the afternoon of the 16th July, 1931, and stated that he had subscribed on the 1st April, 1927, at the suggestion of Honourable Mr. Mitchell and Mr. Frank P. Jones, for 800 units of the Beauharnois Syndicate at a price of \$30,000, which he paid. These became 1,600 units in the second syndicate and as was his right, he subscribed for 1,600 further units, in the name of J. R. Lefebvre, and made his holdings 3,200 units. On the whole transaction he realized as of the 17th December, 1929, \$529,600 profit and 14,040 shares of Class A stock of the Beauharnois Power Corporation, Limited. Senator Raymond sold all his originally acquired units at the same time that Mr. Frank P. Jones sold his at \$550 per unit, and later Senator Raymond bought from W. G. Mitchell 350 units and from R. T. Fuller one unit in the Beauharnois Power Syndicate and he held these at the dissolution of the Syndicate on the 17th December, 1929. His total profit was as above mentioned. He states that neither at Quebec nor at Ottawa did he exert or attempt any political influence on behalf of the Beauharnois applications. His evidence is that he "did nothing to push the deal." On page 794 of the evidence, Senator Raymond was asked:—

Q. Then are we to understand you to say, that having this interest in this project and knowing that there was a very strong opposition and a big fight being put up, you never turned a hand to help it at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, you could help?—A. I thought the only help that I could give was to put my money in.

Q. I may take it then, from what you say, that we have your unequivocal statement that at no time did you attempt to exert your personal influence on behalf of this project?—A. At no time.

(2) At the conclusion of his evidence one of the members of the Committee expressed the view that he ought to be commended for his frankness in giving his evidence. It was, however, later disclosed in evidence that according to the bill of Messrs. Geoffrion and Prud'homme, Counsel for the Beauharnois Syndicate (Exhibit No. 114) from September 10, 1927, to May 23, 1928, there appear some sixteen entries charging for interviews with and telephones to and from Senator Raymond. An interview appears to have taken place on one occasion with Honourable Mr. Mitchell and on another occasion in Ottawa with Senator McDougald.

(3) On page 391, Mr. Frank P. Jones states "I certainly asked Senator Raymond over and over again if he could not do something to get some action."

(4) It transpired when Mr. Sweezey returned to give further evidence that Senator Raymond had received from Mr. Sweezey some \$200,000 of campaign funds for the Liberal party. The commendable frankness would seem to require that Senator Raymond should have disclosed this to the Committee if he wished the Committee to understand that he was stating fairly his connection between the Government and the Beauharnois promoters.

(5) In view of Mr. Sweezy's attitude throughout and his views as to the necessity for political influence, it is hardly conceivable that Mr. Sweezy would pay this large sum of money over to Senator Raymond unless he at least was satisfied that the Senator's influence had been or would be worth the money and it is remarkable that Senator Raymond did not insist on making some explanation of his position in this regard, in view of his evidence.

#### 16. SENATOR WILFRID LAURIER McDUGALD

(1) Senator McDougald was first summoned to the Senate on the 25th June, 1926, but owing to the dissolution of Parliament was not then sworn in and his appointment lapsed. He was again summoned in October of that same year and was sworn in the following year. Since 1922, except for a short interval in 1926, until 1930, Senator McDougald occupied the position of Chairman of the Montreal Harbour Board and, as he stated in evidence, assumed a position of high responsibility in connection with the development of the St. Lawrence Deep Waterway.

(2) In May, 1924, the then Dr. McDougald was appointed a member of the National Advisory Committee, whose membership included the Honourable G. P. Graham, as Chairman, and Honourable Clifford Sifton, and several gentlemen interested in existing hydro-electric power developments.

(3) On the 20th April, 1928, Senator McDougald was appointed a member of the Special Committee of the Senate to inquire into and report from time to time on the matter of the development and improvement of the St. Lawrence River for the purposes of navigation and production of electric current and power and matters incidental to such a project. That Committee held several meetings in the month of May, 1928, and to which reference will be made more specifically hereafter.

(4) In 1923, Mr. McDougald became associated with Mr. R. A. C. Henry, as has been previously pointed out in this report, and as a result the Sterling Industrial Corporation Limited was incorporated and applications made to the Departments of Public Works and Railways and Canals on the 5th and 7th July, 1924, as already indicated.

(5) From this small beginning, the interests of Senator McDougald have expanded until at the time of his giving his evidence he was Chairman of the Board of the Beauharnois Power Corporation, Limited, elected on the 20th of December, 1929 the holder of Managament Preferred shares; a director of the Beauharnois Light, Heat and Power Company, the Beauharnois Construction Company, the Beauharnois Land Company, and the Beauharnois Transmission Company.

(6) This expansion is almost comparable to the present Beauharnois project as compared with the original St. Louis feeder.

(7) The application of the Sterling Industrial Corporation was allowed to lie dormant until some time in 1928. On the 18th of May, 1928, Senator McDougald agreed to take over 800 units of the first syndicate which had been subscribed for by Mr. Clare Moyer on the 4th of April, 1928, the day upon which that syndicate was dissolved, and upon which day a payment of \$15,000 was made by Mr. Moyer, of moneys which he says he received in cash from Mr. Winfield Sifton. A further payment was made on the 18th of May, in an amount of \$15,000 out of moneys which Mr. Moyer says were received by him from Mr. Sifton by way of a bank draft containing no information as to the person who was providing the funds.



(8) The 800 units thus acquired by Senator McDougald became 1,600 units on the formation of the second syndicate, and he, in the name of Mr. Moyer, subscribed as he had the right to do for 1,600 more units at a price of \$100 per unit, and for which he agreed to pay \$160,000 and on which at the dissolution of the syndicate on the 17th December 1929, he had paid \$80,000.

(9) In the meantime, however, namely on the 2nd October, 1928, these had been transferred from Mr. Moyer to Mr. John P. Ebbs, a member of the Haydon firm, by reason of some instructions from Senator McDougald, about which there seems to be some insolvable mystery, and about which there need not have been any mystery at all if the transactions were an ordinary business one.

(10) As previously pointed out, Senator McDougald through his representative, Mr. Ebbs, acquired for the five issued shares of the capital stock of the Sterling Industrial Corporation, Limited, 2,000 part interests in the second syndicate. These units were given for a corporation the rights of which, as has been pointed out by Mr. Cameron, Chief Engineer of the Public Works Department, on page 1019 of the evidence "would be of no value". The agreement was made in the fall of 1928, and the Beauharnois Company considered these shares to be of such value that they still remain endorsed in blank, and have never been transferred on the books of the Company. It can hardly be pretended that this Company had any value, even as suggested, any "nuisance value" or was or could be thought to be any serious obstacle in itself to the application of the Beauharnois Light, Heat and Power Company to the Governor General in Council then pending. If so, there were two former applications in the Department, one of which at least was based on an alleged acquisition of the Robert rights, which rights were the foundation of the Beauharnois application. Still, the carrying out of the agreement was made conditional upon favourable action by the Governor General in Council, and it is beyond belief that had that Company not been owned by Senator McDougald, who represented himself to be a close friend of the administration, and R. A. C. Henry, soon destined to become Deputy Minister of Railways and Canals, or others equally influential, the Beauharnois Power Syndicate would have hardly considered paying for it even the nominal amount that had been subscribed as its capital stock, much less 2,000 units, which ultimately became \$300,000 in money and 80,000 shares of the Beauharnois Power Corporation Limited but would doubtless have received the same consideration as was accorded the other prior applicants—namely the privilege of being completely ignored.

(11) It is suggested that the handing over of this large number of units was in order to induce Mr. Henry to go over to the Beauharnois Company. Why any inducement, other than a doubling of his salary which actually occurred, should have been necessary in order to induce the man who had for at least six or seven years been most anxious to be connected with a Beauharnois project is difficult to understand, and your Committee cannot accept that as the explanation. On the contrary we are convinced that the "nuisance value" consisted in the necessity of a large inducement to Senator McDougald in order that he, a possible obstacle in the attainment of the objects of the syndicate, might become so vitally interested therein that any possible opposition on his part might be obviated.

(12) That Senator McDougald was a factor in the success of this venture is apparent from the Proceedings of the Special Committee of the Senate above referred to, of which he was a member. It appears that on the 31st of May, 1928, he was instrumental in having Mr. Henry, then his partner in the Sterling



Company, come before that Committee and answer certain questions. These questions had (See page 215 of the Proceedings) been prepared beforehand by Senator McDougald and submitted to Mr. Henry.

(13) Mr. Sweezy in his evidence makes it very clear that the reason for his having done some of the extraordinary things which he did do was that time was of great importance from the standpoint of financing the enterprise, owing to the threatened financial crisis.

(14) On the 25th May, 1928, Mr. Aimé Geoffrion, Chief Counsel for the Beauharnois Syndicate, and who according to his bill for professional services had a number of interviews, starting on the 17th December, 1927, with Senator McDougald, wrote to Senator McDougald urging that there was "no reason for delaying the application to the Dominion Executive for approval of the Beauharnois plans under the Navigable Waters Act."

(15) The last question which Senator McDougald asked Mr. Henry on this occasion, on the 31st of May, 1928, was as follows:

(Page 232 of the Committee's Proceedings)

*Hon. Mr. McDougald:* The last question which I have, Mr. Henry, is, in your opinion should the improvement of the St. Lawrence Waterway be gone on with as soon as possible, and if so, why?

It is to be recalled that thirteen days previously, on his own testimony, Senator McDougald had agreed to become interested in this enterprise to the extent of 800 Part Interests in the Beauharnois Syndicate.

(16) On the 19th of April, 1928, Senator McDougald in a speech delivered by him from his place in the Senate stated: "I want to say here, and to say it with emphasis, that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that Company in any way, shape or form"... "So far as I myself am concerned I cannot add too much emphasis to my denial of the suspicions and aspersions which these despatches" (referring to despatches of the Toronto Mail and Empire and the Globe of April 18, 1928) "have cast upon me as a member of the Advisory Committee, as a member of this honourable body, and as a private citizen."

(17) On the 20th of May, 1931, Senator McDougald, in referring to his former statement on this subject, and the date thereof, the 19th of April, 1928, made the following statement from his place in the Senate: "Honourable Members of the Senate, before the orders of the day I rise on a question of privilege. According to the newspapers of this morning my honour and integrity as a member of this House have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National Advisory Committee reporting on the St. Lawrence Waterways. It was insinuated that our decisions and recommendations were influenced by personal interest in power development on the St. Lawrence. In this house I stated at the time that I had no interest in the Beauharnois Power Company or in the Syndicate. That was absolutely true and correct. I may say at once that up to that time..." (that is April 1928) "I had been invited on many occasions to become a member of that syndicate but had always declined. After that date I was asked again, and had the whole project investigated from every angle. When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and as a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois Syndicate."

(18) On Page 930 of the Evidence appear these Questions and Answers:

*By the Chairman:*

Q. That is not a correct statement, Senator, I suggest to you?—

A. I suggest, Sir, that it is a correct statement.

Q. Then your evidence yesterday was wrong, because you bought from Sifton in May?—A. I did not appear in it until October. Mr. Ebbs was my representative in October, and I became active in it in October.

Q. Is that your explanation for that statement?—A. That is my explanation for that statement. I was in the syndicate—

Q. Why, of course you were in the syndicate; here is your evidence?—A. The end of May, 1930, and not when I made the speech in the Senate.

Q. You say in your speech, distinctly that in October, 1928, you first took an interest in the Beauharnois Syndicate. Yesterday in your sworn testimony you admitted that you had purchased from Sifton in May, 1928?—A. That is correct.

Q. I suggest to you that your statement in the Senate was entirely wrong?—A. It may have been ambiguous, but it was not wrong. What I meant was I came into it in October through Mr. Ebbs. That is the first time I came into it..."

Q. Just before you go on with that, Mr. White, I want to complete the question I was putting to the Senator a moment ago (To the witness). While you were making this ambiguous speech, as you call it now, in the Senate on the 20th May, 1931, of course you were interested with Mr. Henry in the Sterling Industrial Corporation— A. That is right.

(19) Further in his speech on the 20th May, 1931, Senator McDougald said: "I might add that I paid into the syndicate dollar for dollar with every other member of it."

(20) As previously pointed out in this Report, Senator McDougald, Senator Raymond, and Mr. Frank Jones, bought their units in the first syndicate for many fewer dollars per share than any other of the members, except possibly Mr. Sweezy who got some of his for a consideration other than cash.

(21) It is also significant that Senator McDougald received considerable sums of money from the Company for travelling expenses.

(22) How one holding the high offices to which he had been called, as Chairman of the Montreal Harbour Board, member of the National Advisory Committee on St. Lawrence Waterways, a Senator of Canada, and a member of the Special Committee of the Senate, above referred to, and as he himself has stated, having a high regard for his public duties, should allow his private interest to so interfere with his public duty that he found it necessary, speaking from his place in the Senate to be "ambiguous" and incorrect, it is difficult for your Committee to understand.

(23) Senator McDougald's actions in respect to the Beauharnois project cannot be too strongly condemned.

17. Mr. James B. Hunter, Deputy Minister of Public Works, and Mr. Kenneth McKenzie Cameron, Chief Engineer of that Department were called as witnesses and gave evidence. The Committee desires to say that the evidence of neither of these officers appeared to be given in the manner which one might expect from Departmental Officials.

## 18. PRESENT FINANCIAL POSITION

(1) The Consolidated Balance Sheet of the Beauharnois Power Corporation Limited and subsidiaries, as of the 31st December, 1930, discloses:—

1. Capital Stock—	
5 Management Preferred Shares, no par.....	\$ 5 00
1,799,995 Class A Common Shares, no par.....	1,799,995 00
	<hr/>
	\$ 1,800,000 00
2. Funded Debt—	
Collateral trust sinking fund 6% bonds, due 1st October, 1959.....	30,000,000 00
	<hr/>
	\$31,800,000 00

The assets consist of—

Cost to date of property rights and power development in the course of construction.....	\$28,768,816 53
Securities on deposit with the Quebec Provincial Government and the Hydro-Electric Power Commission of Ontario, etc.....	1,021,385 00
Investments (Brubacher et al).....	200,168 00
Sundry accounts receivable.....	221,434 67
Cash and marketable securities held by the Royal Trust Company in escrow.....	2,325,546 67
Cash on hand and in bank.....	186,130 73
	<hr/>
	\$32,723,481 60
Less sundry liabilities.....	923,481 60
	<hr/>
	\$31,800,000 00

The item of \$28,768,816.53 is made up as follows—

Real estate.....	5,189,783 82
Construction accounts.....	6,193,497 17
Equipment and temporary construction less depreciation.....	3,012,337 33
Engineering expenses.....	1,081,431 59
Interest during construction.....	1,338,795 43
Property rights and interest.....	11,357,888 87
Miscellaneous.....	595,082 32
	<hr/>
	\$28,768,816 53

The item for property rights and interest of \$11,357,888.87 is made up of the items set out in Exhibit No. 127, and consists in part as follows:—

Issue of 10,000 part interests at \$100 each to members of the Beauharnois Syndicate, as of 4th April, 1928, as part consideration for the taking over of assets and undertaking of Beauharnois Syndicate.....	\$ 1,000,000	
Less net book value of assets acquired.....	261,000	\$ 739,000
Issue to J. P. Ebbs, 2,000 part interests Beauharnois Power Syndicate, consideration for acquisition of capital stock of Sterling Industrial Corporation.....		200,000
Amount paid to Beauharnois Power Syndicate 17th December, 1929, as part consideration for the taking over of Beauharnois Power Syndicate undertaking.....	\$ 4,750,000	
Less net book value of assets acquired.....	2,500,000	2,250,000
		<hr/>
		\$ 3,189,000

NOTE.—This figure represents the profits made by the Syndicates and includes \$1,000,000 which was used to purchase 1,000,000 shares Beauharnois Power Corporation at \$1 per share—the actual cash profit to the Syndicate members being \$2,189,000.

Further items in Exhibit No. 127 are:—

Discount of 10% on issue of \$30,000,000 Beauharnois Power Corporation Limited, 6% collateral trust sinking fund bonds, due October 1, 1959, underwritten at 90.....		\$ 3,000,000
770,000 shares of Beauharnois Power Corporation, Class A Common stock issued to under-writers, on which a book value of \$1 per share was placed.....		770,000
Purchase by Beauharnois Construction Company of 8,000 shares of capital stock of Marquette Construction Corporation at \$20 per share.....	\$ 160,000	
Less issued price.....	40,000	120,000
		<hr/>
		\$ 7,079,000

An unaudited statement of the 31st of May, 1931, exhibit No. 128, as compared with the Consolidated Balance Sheet as of the 31st December, 1930, disclosed that the property account had increased by \$5,781,185.74 to a total of \$34,550,002.27, as compared with \$28,768,816.53.

The Royal Trust Company escrow fund had been decreased by \$1,430,396.67 for payments made to the Company for outgoings. Cash on hand had decreased by \$113,857.31.



(2) In the liabilities the most important increase is a bank loan of \$3,500,000 secured by the hypothecation of \$5,250,000 of bonds of the Beauharnois Light, Heat and Power Company, being part of an issue of \$20,000,000 bonds authorized for temporary purposes on the 15th day of January, 1931. At present the bank loans are, according to Mr. Griffith, about \$6,000,000 secured by the hypothecation of \$9,000,000 of these bonds.

(3) Accrued interest of bonds had been decreased by \$150,000 which means that having regard to the monthly accrual of interest amounting to \$150,000 in the interval between December 31st, 1930, and May 31st, 1931, \$900,000 of bond interest had been paid. Miscellaneous accounts payable had increased by \$881,770.75 to an amount of \$1,355,252.35.

(4) As the situation now stands, the promoters of the Beauharnois Project involving the exploitation of a great natural resource have been able to secure to themselves a return of all moneys advanced by them or any of them, a profit of \$2,189,000 in cash and 1,000,000 Class A Common shares, which, if saleable at the market quotation would at one time have been worth \$17,000,000 and at to-day's quotation of \$4 per share, would be worth \$4,000,000. This cash profit was paid out of moneys borrowed by the Beauharnois Power Corporation Limited by the sale of its bonds.

(5) According to Mr. Henry, in order to complete the project up to the point where 500,000 h.p. will be produced, they will require a further sale of bonds in a capital amount of \$46,000,000. If this were accomplished the power project would have been constructed completely on borrowed money and the promoters would be in control of this vast enterprise owning 1,620,000 of the Class A shares out of a total issue of 1,799,995 and also the 5 Management Preferred shares which for 10 years give to the under-writers practical control of the Company's affairs and all of this without the present investment of any money.

*Your Committee Recommends:*

1. That the Parliament of Canada take such action as may be within its power, and without prejudicing the rights of the Province of Quebec, to procure the development of this project in such a manner as will best serve the people of Canada.

2. That should the rights of the Dominion and the Province of Quebec come in conflict, every effort be put forth to arrive at a satisfactory agreement, so that the project may not be imperilled by delay.

3. That definite action be taken to preserve the rights of navigation and the complete jurisdiction of Parliament in respect thereto.

4. That the Order of Reference, the Reports of the Committee, the Minutes of Proceedings, the Minutes of the evidence taken, and the exhibits filed, be printed as an appendix to the Journals of the House.

5. That a copy of this report be remitted to the Speaker of the Senate for the information of that House.

6. That such of the Exhibits as have not been read into the record and are not on departmental files and were referred to be copied and the originals thereof be returned to the person producing the same.

All of which is respectfully submitted.

W. A. GORDON,  
*Chairman.*

## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 268,

MONDAY, June 15, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2.00 o'clock.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Lennox, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).  
—9.

It was moved by Mr. Jacobs, seconded by Mr. Lennox that Mr. Gordon be made Chairman.

Carried.

The CHAIRMAN: The Clerk will now read the Order of Reference.

WEDNESDAY, June 10, 1931.

Resolved, That Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*) be a Committee to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada, and without restricting the generality of the foregoing works in particular to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th day of May, last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

Attest.

(Signed) ARTHUR BEAUCHESNE,  
*Clerk of the House.*

The CHAIRMAN: I think it will be necessary for each member of the committee to have a copy of Mr. Gardiner's speech of May 19th; also a copy of the Order in Council, P.C. 422 of 1929. I also think it desirable that each member be furnished with a copy of the Navigable Waters Protection Act, for reference.

Counsel have not yet been appointed, and I am rather of the opinion that we shall have to report back to the House and ask leave to engage counsel.

Hon. Mr. MACKENZIE: I do not think it is specified in the reference, but I believe that was the intention of the Prime Minister.

Mr. GARDINER: How many counsel would be appointed?

The CHAIRMAN: That will be decided by the committee, after we receive the authority of the House.

Mr. JACOBS: I have a suggestion to make, and that is that the members of the committee visit Beauharnois and have some opportunity of seeing it. I have never been down there myself; I have only a hazy knowledge of it; and I think it would be beneficial to every member of the committee to go down and see the work and be accompanied by an engineer, who could explain some of the details.

Mr. GARDINER: Mr. Chairman, I think, at the present time, that would not be advisable. It will be time enough to visit Beauharnois, when the committee has evidence before it to such an extent as to make that necessary.

Mr. JACOBS: What evidence do they have to have, in order to see the place?

Mr. GARDINER: We should not visit Beauharnois, until we know what we have to investigate.

Mr. JACOBS: I know what we are investigating; we are going to investigate your charges, seventeen of them in number, unless you want to add to them.

Hon. Mr. MACKENZIE: Would it not be advisable for Mr. Gardiner more or less to categorize his charges. I have gone through his speech and I have found seventeen different charges, more or less. I think it would assist the committee, if Mr. Gardiner would say what he considers the specific charges contained in his address.

Mr. GARDINER: I will do the best I can.

The CHAIRMAN: It might facilitate the work of the committee, Mr. Gardiner, if you could, as far as you can, set out these charges.

Mr. GARDINER: Yes, I will do that. It will take a little time.

Mr. JACOBS: With regard to my suggestion regarding visiting Beauharnois, does it meet with the approval of the committee?

Sir EUGENE Fiset: It might be advisable to wait a couple of days or until we have a chance to see what is before us. An important point has been raised by Mr. Mackenzie. I think, if Mr. Gardiner will prepare a specific agenda, it will help us to investigate this matter. I have read his speech. His charges are rather involved, and it makes it hard to distinguish one from the other. I think the first thing we should consider in this committee should be an agenda, presented by Mr. Gardiner, for our consideration.

The CHAIRMAN: I think we are all agreed, and I think Mr. Gardiner agrees, that insofar as these charges can be specified and particularized so that the committee will know where they are and what they have to deal with, it is very desirable; otherwise, we are likely to get into complexities and, probably, have a lot of over-lapping and repetition which is not calculated to assist us in disposing of this matter with facility.

Mr. LENNOX: Do you think we could intelligently go on with the investigation unless we have these charges specifically set out?

The CHAIRMAN: A resolution will be moved by somebody formally placing upon the record this matter asking Mr. Gardiner to particularize his charges as soon as he can, and lay them in that form before the committee.

It was moved by Mr. Jacobs that Mr. Gardiner particularize the matters contained in his resolution.

Mr. GARDINER: I would like to call attention to the fact that the reference also states that the committee is charged with the investigation of the Beauharnois project from its inception.

The CHAIRMAN: Yes.

Hon. Mr. MACKENZIE: When is it your intention to proceed, to-morrow?

The CHAIRMAN: That will have to be left to the committee. We will have to report back to Parliament and be invested with the authority we now ask to appoint counsel. I would like to have an expression of opinion by the members of the Committee as to who counsel should be.

Mr. JACOBS: It seems to me that the appointment of counsel and the discussion turning on the abilities of various gentlemen who might act is a somewhat delicate matter, and I would suggest a small committee of, say, three, to act as a sub-committee to suggest the names of counsel. I should not like to have the names of eminent counsel bandied about here, and then end up by appointing only one, which, I suppose, is the number required.



Mr. STEWART: That is a good suggestion. I move that the Chairman, Mr. Lennox and Mr. Jacobs act as a sub-committee to consider the appointing of counsel.

Mr. GARDINER: Before you put that motion, I would like to say to the committee that, as far as I am concerned, if this committee is going to appoint counsel, that is all right; I have no objection to that; but, in view of the fact that this inquiry arose out of a statement which I made on the floor of the House of Commons, I would like to name associate counsel.

Mr. JACOBS: I might point out that Mr. Gardiner made his charges and he is also here as a member of the committee, and, that being so, it does seem to me he ought to be satisfied with that. He talks about associate counsel; we have not yet decided that there ought to be counsel.

Mr. JONES: I think Mr. Gardiner's request is a very reasonable one. Mr. Gardiner is not a lawyer. He made the charges and, I think, he should have counsel.

Mr. LENNOX: It would not be associate counsel; it would be counsel to represent Mr. Gardiner.

Mr. JACOBS: Will the Parliament of Canada pay the fees of two counsel, if one is to assist the committee and the other, under this suggestion made by Mr. Gardiner, is to represent him? It seems to me that one is sufficient.

Mr. LENNOX: That was done with regard to the committee that investigated the Customs Department. Mr. Kennedy, of the Progressives, had counsel of his own.

Mr. GARDINER: No. He had the use of associate counsel. That is all I asked for.

The CHAIRMAN: How would it be, Mr. Gardiner to leave the resolution as it is? We can use the word "counsel" in the plural sense when reporting to Parliament, and, when we get authority to appoint counsel, we can have the general discussion at our next meeting as to the regularity of the course that should be adopted. I am personally of mind that there should be some assistance given to you.

Hon. Mr. MACKENZIE: What about putting Mr. Gardiner on that sub-committee of three?

Mr. GARDINER: I am satisfied with the committee as it is.

The CHAIRMAN: If we get authority from Parliament to appoint counsel, that is all that is necessary.

Mr. LENNOX: Would that include counsel for Mr. Gardiner, and that he should be paid by the government?

Mr. JACOBS: That is the suggestion of Mr. Gardiner.

Mr. GARDINER: My suggestion is this, Mr. Chairman: This problem is big enough to engage the attention of more than one counsel.

Mr. LENNOX: I am not opposed to you having counsel, Mr. Gardiner.

Mr. GARDINER: All I am asking is that more than one counsel be appointed, and that I should have the privilege of naming the associate counsel, and that I should get the stuff ready for counsel to be placed before the committee.

Mr. JACOBS: What about the duty of the counsel that would be appointed?

Mr. GARDINER: I do not think one counsel can handle all this alone and get through it expeditiously.

Mr. JACOBS: I have no objection to the appointing of two or three counsel, but counsel to be named would be counsel appointed by the Committee.

Mr. GARDINER: Well, I merely ask for that purpose.

The CHAIRMAN: I understand that counsel will give their talent and efforts for the benefit of this Committee; that is what they are engaged for.

Mr. GARDINER: That is quite true, but I think the members of the Committee realize the importance of this matter and the immensity of it. I do not think the Committee should object to engaging counsel whom I know can dig up this stuff.

Mr. JACOBS: That is an insinuation already on the unappointed counsel, that he cannot dig up that stuff.

Mr. GARDINER: I mean to say, to do it more expeditiously, that is all. It will save money in the long run, and save time. However, we can leave that matter, Mr. Chairman, until after the Committee makes its report.

The CHAIRMAN: I am inclined to believe it should be discussed further, when we get authority to appoint counsel.

Mr. GARDINER: I think that would be the best way.

The CHAIRMAN: That will be satisfactory to you, Mr. Gardiner?

Mr. GARDINER: Yes, quite so.

The CHAIRMAN: All in favour of the resolution that we ask permission to appoint counsel.

Carried.

The CHAIRMAN: It was drawn to my attention—I do not know whether this committee should personally deal with it or not—that the rules only prescribed that the evidence, as taken down by the shorthand writers, be transcribed. If I am correct in that—and I believe I am—I think it is desirable that we ask permission that the shorthand writers take down the argument of counsel in this matter, because it will assist us very materially in the preparation of our final report.

Mr. GARDINER: I think that is necessary, Mr. Chairman.

The CHAIRMAN: Probably Sir Eugene Fiset will know what the procedure is in that regard. I am under the impression that the rules permit the shorthand writers to take down the evidence only.

Sir EUGENE Fiset: It all depends on the request that you make to the House. In the Peterson enquiry, the reporters took down every word of evidence and argument, right through from beginning to end.

The CHAIRMAN: What I had in mind was this: There may be, and likely will arise, certain questions of law that some members of our committee may have more difficulty than others in following because some are solicitors and accustomed to following those things and some are not. Counsel whom we will hear will, I trust, prepare arguments that have to do with the interpretation of law, and so on. If we have reflected in the record those arguments—we do not need to accept them—they will be very helpful, when we come to make a final report. If there is any doubt about those arguments being taken down by the shorthand writers, I would like to have it made abundantly clear, now, that they will be taken down.

Sir EUGENE Fiset: When the Committee on the Peterson enquiry sat, the argument of counsel was taken down, all of it; and the whole of the evidence was printed right through from beginning to end, and it was very helpful to the Committee.

The CHAIRMAN: Will someone move a resolution to that effect.

Mr. JONES: I would move that, Mr. Chairman.

Sir EUGENE Fiset: I will second the resolution.

Carried.

The CHAIRMAN: Gentlemen, I am sure it is the wish of all of us to get into this work and get through with it as expeditiously as we can. I was going to ask Mr. Gardiner if he, personally, had the names of any witnesses for whom he would require subpoenas issued, and then we could name the day when we could meet for the taking of evidence.

MR. GARDINER: The first thing I want to ask, Mr. Chairman, is that the proper officer be asked to produce before this committee Sessional Papers No. 295, in 1928; No. 136A, in 1929; and No. 122, in 1930. I also want produced Order in Council, dated February 9th, 1914, re Boundary Waters Treaty Matters.

I would desire, also, to subpoena the Clerk of the Privy Council of the Province of Quebec to produce copies of:—

(a) All applications by Beauharnois Light, Heat and Power Company;

(b) Copies of all Orders in Council, leases, agreements, etc., passed, executed or made *re* Beauharnois Light, Heat and Power Company, and/or, W. H. Robert of the Heirs Robert.

MR. JACOBS: I am not quite clear about producing documents held by the Clerk of the Privy Council of the Province of Quebec. Have we any jurisdiction over these documents of the legislature of the Province of Quebec?

MR. GARDINER: Well, he can be requested to produce them. I would like to get copies of those documents for the use of the Committee. If we can get them anywhere else, all right.

THE CHAIRMAN: Instead of bringing the Clerk of the Privy Council of the Province of Quebec here, which might be very proper, would it satisfy you if we could procure certified copies of those documents?

MR. GARDINER: That would be quite all right, Mr. Chairman.

MR. JACOBS: As I understand it, our jurisdiction extends over matters with which the Parliament of Canada can deal and not those outside the Parliament of Canada.

MR. LENNOX: Of course, we could make the request.

MR. JACOBS: But have we the power to ask for them? Has this Committee the power to ask for them?

MR. LENNOX: I would think so.

MR. JACOBS: I do not think the reference covers that.

THE CHAIRMAN: The reference is quite broad.

to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada.

I know the point you are raising, Mr. Jacobs, but surely that does not prevent us from requesting public documents from public officers.

MR. JACOBS: We are going beyond our jurisdiction, when we ask for documents and papers dealing with matters pertaining to the Province of Quebec.

MR. LENNOX: I do not agree with you, there, because these very papers may assist us quite materially in dealing with matters within the jurisdiction of the Dominion.

MR. GARDINER: That is the reason, Mr. Chairman, why I want them produced, to assist the committee.

THE CHAIRMAN: Anyone can go and get those documents on paying a small fee.

SIR EUGENE Fiset: Would it not be well to ascertain if those documents are not already on file, here in Ottawa, in some of the departments, either the Department of Public Works or the Department of Railways and Canals, or the Privy Council?

THE CHAIRMAN: I offer this suggestion: I think the course we should adopt in connection with these papers, and any like papers, where we have to seek records in Toronto, or Quebec, in public offices, is that we should do it through



the Secretary of State, asking him to request the production of those papers, giving him the list and asking him to secure for us certified copies. Would that not accomplish what we are seeking?

Sir EUGENE Fiset: I think that is the only procedure.

The CHAIRMAN: Can you give us the complete list, Mr. Gardiner, of what you want produced? Would you read into the record what you are asking for?

Mr. JACOBS: I have no particular objection to our obtaining those documents, but I reserve the right to raise the question that it is beyond our jurisdiction to deal with those documents at all, when they are brought before us.

Mr. GARDINER: I would ask that the following documents be produced by the proper officer of the Department of Public Works or of any other department to which they may belong:

All papers, plans, description of site of works treaties, contracts, correspondence, telegrams, reports Orders in Council and books which are in, or under the control of the Department relating in any way to the Beauharnois project or to any other project similar in character and relating to the St. Lawrence River between Lake St. Francis and Lake St. Louis, in connection with which any application has been made to the Governor General in Council or to the Minister of the Department of Public Works or to the Minister of Railways and Canals.

Copy of any application made by Cedar Rapids Manufacturing and Power Company, and disposition of same.

Mr. JACOBS: That is, insofar as it refers to the Beauharnois matters. We have no power to deal with the Cedar Rapids project.

Mr. GARDINER: Probably there is something in that.

Mr. JACOBS: We have no power to deal with Cedar Rapids.

The CHAIRMAN: What is the significance of this, Mr. Gardiner.

Mr. GARDINER: Well, certain applications have been made, Mr. Chairman, and we want a copy of those produced before this Committee. We want to give the Committee the information as to what they are disposing of.

The CHAIRMAN: Do I understand that the Cedar Rapids Company made an application for similar territory to the Beauharnois for the same power.

Mr. GARDINER: Well, a similar application.

Mr. LENNOX: Before or after.

Mr. GARDINER: Before.

The CHAIRMAN: For this same power?

Mr. JACOBS: Insofar as it relates at all to the Beauharnois project, but I reserve the right to raise the objection. Counsel will probably deal with that.

Mr. GARDINER: I want to call Mr. Gerard Lacroix of the firm of Theriault, Boisvenue & Lacroix, Barristers, 51 rue St-Pierre, Quebec, P.Q.

That he be required to produce the bank book of his law firm and duplicate deposit slips for the months of February, March and April, 1928. Also copies of all correspondence, telegrams, or other communications between his law firm, or the individual members thereof, and others, relative to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert.

Sir EUGENE Fiset: Would you read it again, Mr. Chairman. I do not understand what Mr. Gardiner was saying.

The CHAIRMAN: Mr. Gardiner is asking for the issue of a summons to Mr. Gerard Lacroix of the firm of Theriault, Boisvenue & Lacroix, Barristers, 51 Rue St-Pierre, Quebec, P.Q.

That he be required to produce the bank book of his law firm and duplicate deposit slips for the months of February, March and April, 1928. Also copies

of all correspondence, telegrams, or other communications between his law firm or the individual members thereof and others relative to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert.

I think that is perfectly regular.

Mr. GARDINER: I want to subpoena Mr. R. O. Sweezey, c/o Beauharnois Power Corporation Ltd., University Tower Building, Montreal, P.Q. That he be required to produce:

- (a) Agreement between himself and Robert heirs whereby he acquired certain assets of the Robert heirs including the shares of the Beauharnois Light, Heat and Power Company;
- (b) The agreement between himself and the Beauharnois syndicate whereby he transferred the said above-mentioned assets to the said syndicate;
- (c) The Beauharnois syndicate agreement;
- (d) The letter written by him to the various brokers, referred to in the prospectus issued by them, and which letter is dated, Montreal, December 2, 1929;
- (e) Copies of all correspondence, telegrams, communications of any nature whatsoever between himself and others, including Senator W. L. Macdougald, Senator Donat Raymond, Senator P. J. Paradis and Senator Andrew Haydon in connection with the Beauharnois project;
- (f) The books and records of the Beauharnois syndicate.
- (g) Private bank books and cheques of himself for the years 1926, 1927, 1928, 1929, 1930, 1931 and the bank books and cheques of Newman, Sweezey & Co. Limited.
- (h) Copies of correspondence, telegrams or other communications between Newman, Sweezey and Company with the Beauharnois development.
- (i) Copy of all prospectuses issued by Newman, Sweezey and Company, Limited.

Then I want to subpoena Mr. H. B. Griffith, % Beauharnois Power Corporation Limited, University Tower Building, Montreal, P.Q. That he be required to produce:—

- (a) Duplicate original of the application of the Beauharnois Power Corporation Limited for incorporation.
- (b) The by-law and minute book of Beauharnois Power Corporation Limited.
- (c) The complete share register and bond register of Beauharnois Power Corporation Limited.
- (d) The bank book and cheques of the Beauharnois Power Corporation Limited.

Mr. JACOBS: Are you putting a date limit on that?

Mr. GARDINER: No, no limit on that, Mr. Jacobs.

Mr. JACOBS: Would you mind reading that last paragraph?

Mr. GARDINER: The bank book and cheques of the Beauharnois Power Corporation Limited.

- (e) Copies of all correspondence, telegrams, etc., between Beauharnois Power Corporation Limited, and others, in connection with the Beauharnois project.

Mr. JACOBS: That seems to be a pretty tall order, if you want to get the bank book and cheques. Do you want to get the bank book and cheques of the Beauharnois Company, from its inception to the present time?

Mr. GARDINER: Yes.

Mr. JACOBS: It seems to me to be entirely too broad. We have nothing to do with the Beauharnois Power Company, after a certain date; that is to say, this Committee has nothing to do with it. You want to investigate it until to-day?

Mr. GARDINER: The Power Corporation is not an old corporation.

Mr. JACOBS: From a certain date to a certain date?

Mr. GARDINER: The corporation came into existence in 1928, it did not come into existence before that.

Mr. JACOBS: You certainly do not want it after May 19th, 1931, when you made your speech?

Mr. GARDINER: Of course, I am not quibbling over a few days like that.

Mr. LENNOX: Make it May 19th?

Mr. GARDINER: All right, limit it to May 19th, 1931.

(e) Copies of all correspondence, telegrams, etc., between Beauharnois Power Corporation Limited, and others, in connection with the Beauharnois project.

Mr. JACOBS: Are you putting a date on that, too? I think it would be well to fix it to May 19th.

Mr. GARDINER: Why, Mr. Jacobs?

Mr. JACOBS: We cannot deal with anything after your remarks in the House. You will have to make a new speech in the House.

Mr. GARDINER: I can do that, if necessary.

Mr. JACOBS: That is something which I want to prevent, if I can.

Mr. GARDINER: I am quite willing to leave it at the 19th of May, then.

(f) Duplicate copy of original statement, in lieu of prospectus, filed on behalf of Beauharnois Power Corporation, Limited, and copy of the last annual return filed by the Beauharnois Power Corporation, Limited, with the Secretary of State.

The set of plans and the description of the site of works of the Beauharnois Light, Heat and Power Company, filed in office of the Registrar of Deeds, in the county of Beauharnois, and deposited in the office of the Minister of Public Works, approved by Order in Council P.C. No. 422, dated March 8, 1929.

To produce the set of plans and description of the site of works under which the Beauharnois development is being proceeded with.

The CHAIRMAN: Whom do you ask to produce these documents?

Mr. GARDINER: I am asking the Secretary of State to produce that.

Mr. JACOBS: Would you mind reading that again?

Mr. GARDINER: To produce the set of plans and description of the site of works under which the Beauharnois development is being proceeded with.

Mr. JACOBS: You have not got a date on that.

Mr. GARDINER: What they are doing now—a set of plans under which they are doing the work at the present time.

Mr. JACOBS: I understand that is August 22, 1930. That is the one you have reference to?

Mr. GARDINER: The plans under which they are now proceeding.

Mr. JACOBS: Approved by Order in Council, August 22, 1930.

Mr. GARDINER: I want to subpoena Robert Dodd of Robert Dodd and Company, Inc., Investment Bankers, Royal Bank Building, Montreal, P.Q., and that he be required to produce: copy of report entitled "Beauharnois Power Corporation—A comprehensive analytical study of values, issued by Robert Dodd and Company, Inc., and dated March 31, 1930.

Copies of all orders placed for advertising by said Robert Dodd and Company, Inc., with the various newspapers in connection with the sale of Beauharnois collateral trust bonds, and copies of all newspapers con-



taining these advertisements, and cheques or other evidence of payment thereof. Copies of all letters, telegrams, or correspondence, or communications between Robert Dodd and Company, Inc., and others, in connection with the sale of said bonds for the Beauharnois project, and the said report.

Mr. J. P. Ebbs, Barrister, Ottawa Electric Building, Ottawa. That he be required to produce: Correspondence between the firm, or individual members thereof, of McGiverin, Haydon and Ebbs, and others, in connection with the Beauharnois project.

The CHAIRMAN: Were they acting as solicitors for Beauharnois?

Mr. GARDINER: Yes. They filed prospectuses.

Mr. JACOBS: What is meant by "correspondence between the firm or individual members of the firm and others."

Mr. GARDINER: Correspondence with others.

Mr. JACOBS: All referring to Beauharnois matter?

Mr. GARDINER: Yes.

Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ontario. That he be required to produce:

Certified copies of:

- (a) Order in council P.C. No. 422, dated March 8, 1929;
- (b) P.C. No. 2201, dated November 6, 1929, and other Orders in Council, in connection with the Montreal Cotton deal.
- (c) Order in Council P.C. 2168, dated December, 1909.

The CLERK: What is the date, December—?

Mr. GARDINER: December, 1909.

Mr. R. A. C. Henry, c/o Beauharnois Power Corporation, Limited, University Tower Building, Montreal, P.Q. That he be required to produce:

All correspondence, telegrams, or communications, between himself and R. O. Swezey, Senator W. L. Macdougald, Senator Donat Raymond, Senator Andrew Haydon and Senator P. J. Paradis and others, with reference to the Beauharnois project and the St. Lawrence Deep Seaway.

His bank book for the years 1924, 1925, 1926, 1927, 1928, 1929, 1930.

Mr. LENNOX: To whom is that addressed?

Mr. GARDINER: Mr. Henry.

Mr. JACOBS: Are you asking for Mr. Henry's private bank book?

Mr. GARDINER: Yes.

Mr. J. B. Hunter, Deputy Minister of Public Works, Ottawa, Ontario. That he be required to produce: Copies of any reports made by his Department on the Beauharnois project in the year 1930.

Mr. Ainslie W. Greene, Barrister, 63 Sparks Street, Ottawa, Ontario. That he be required to produce: Copies of all correspondence, telegrams, or other communications between himself and others, in connection with the Beauharnois project.

Mr. Andrew T. Thompson, of the firm of Thompson, Cote, Burgess and Thompson, Barristers, 140 Wellington Street, Ottawa, Ontario. That he be required to produce: Copies of all correspondence, telegrams, or other communications between himself or any other individual members of his law firm, and others, in respect to the Beauharnois project.

Mr. JACOBS: I am just wondering, Mr. Chairman, how far an attorney can be obliged to produce confidential correspondence between himself and his client.

The CHAIRMAN: So far as I am aware, the privilege belongs to the client, and the client may give the right to the attorney to produce correspondence, or withhold the right. The attorney, *quâ* attorney, if I recollect the law correctly, has no right whatever, to disclose to anyone his client's business, that privilege belongs to the client.

Mr. JACOBS: Exactly. How far is Mr. Gardiner going to be permitted to obtain this correspondence?

The CHAIRMAN: I was going to suggest that we go on with the issuing of subpoenas, and that the question of privilege be raised at the hearings.

Mr. JACOBS: I think that is quite proper.

Mr. GARDINER: I require: Mr. W. Stuart Edwards, Deputy Minister of Justice, Ottawa, Ontario. That he be required to produce:

Letter received by him from Mr. J. B. Hunter, Deputy Minister of Public Works, dated December 17, 1928, and his answer thereto, dated December 21, 1928; also, copies of any other official opinion given by him in connection with the Beauharnois project.

Mr. JACOBS: These are inter-departmental letters.

Mr. GARDINER: I just want to produce the evidence, that is all.

Mr. JACOBS: I think there was some decision in the House, this year, declaring that inter-departmental letters of that kind may sometimes be considered, and are considered, as confidential; is not that so?

Mr. STEWART: Does this refer to the written judgment of the Department of Justice?

Mr. GARDINER: It has something to do with that, yes.

Mr. STEWART: I think it is a proper document.

Mr. JACOBS: I am just raising the question now, I have not looked into it. It may be that these officials would not be permitted to produce these documents.

Mr. LENNOX: Would you mind reading that, Mr. Chairman?

Mr. CHAIRMAN: Mr. Gardiner says these have already been produced in the House.

Mr. GARDINER: Yes; all that I want is a copy for the Committee. I should like to call Mr. S. E. O'Brien, Secretary, Department of Public Works, Ottawa, Ontario, and Mr. D. W. McLachlan, Engineer, Department of Railways and Canals, Ottawa, Ontario. I think we have enough to keep us running for a while.

The CHAIRMAN: You do not want to go on and complete the list, as far as you can complete it?

Mr. GARDINER: No.

Mr. CHAIRMAN: What I had in mind was, since you have gone as far as you have, I thought it would be proper for you to indicate to us the witnesses you want called, and we can appoint a day and the hour when we should start.

Mr. GARDINER: I think I will take Mr. Lacroix first, followed by Mr. Dodd, followed by Mr. Sweezy. I think that will be enough for the present.

The CLERK: There are two Sweezys.

Mr. GARDINER: R. O. Sweezy.

Mr. STEWART: I would like to offer this suggestion, that, in view of the charges, I, personally, think we ought to hear the engineers first, and the decisions, made by them, filed by them with the Department of Public Works. We should have the plans, filed with the Department of Public Works, on which they had to give a decision, and the Department of Justice must have given a written judgment with regard to the matter, and I think we should see those things first.

Mr. JACOBS: Do you not think we ought to wait until counsel has been appointed? We do not want to interfere with the manner in which counsel is going to conduct this investigation, or lay down a hard and fast rule. Perhaps at the next meeting we can have counsel here, and then we can decide the manner in which the investigation will be conducted.

The CHAIRMAN: I am rather inclined to agree with what Mr. Jacobs says. I think we should wait until counsel has been appointed, and we can then select the witnesses we shall hear, and get definite instructions on the manner in which we should conduct the investigation. I suggest to you, Mr. Gardiner, that you complete a list of the witnesses that you have there, in so far as you have them, because the Clerk of this Committee might be able to advance the work a little, if he knew what you had.

Mr. GARDINER: There are only two others, I will put them in now.

Mr. LENNOX: Have you given a list of all your witnesses now?

Mr. GARDINER: No, I think there will be some others, later. These are enough to start with.

Sir EUGENE Fiset: Is it your intention to ask for the authority of Parliament, this afternoon?

The CHAIRMAN: I doubt very much if this report will be ready.

The CLERK: Perhaps later in the day Parliament could revert to routine matters and our report be presented, either at six or eight o'clock. We cannot possibly have the report ready for three o'clock.

The CHAIRMAN: I think, gentlemen, we have covered all the formalities to enable this Committee to go ahead. If any of you have anything in mind that should be incorporated in this first report to Parliament, I should like to hear it, so we can incorporate it in the report now, and, if not, will someone move the adjournment of the Committee, to meet again when?

Mr. GARDINER: I suggest at the call of the Chair.

Committee adjourned, to meet at the call of the Chair.

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COMMITTEE ROOM 268,

MONDAY, June 15, 1931.

Pursuant to notice, the Committee met at 2 p.m.

*Members present:* Messrs. Dorion, Fiset (*Sir Eugène*), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), and Stewart (*Lethbridge*)—9.

On motion of Mr. Jacobs, seconded by Mr. Lennox, Hon. Mr. Gordon was chosen to act as Chairman.

Hon. Mr. Gordon took the Chair and expressed his thanks to the Committee for the honour conferred upon him.

The Clerk read the Order of Reference.

*Ordered:* that the Clerk do supply the following to each member of the Committee:—

Copy of the Order of Reference;

Copy of Mr. Gardiner's speech of May 19, 1931;

Copy of Order in Council: P.C. 422, March 8, 1929;

Copy of Navigable Waters Protection Act.



It was moved by Mr. Mackenzie, seconded by Mr. Jacobs, that Mr. Gardiner be requested to particularize or categorize the charges made by him in his speech of May 19, 1931,—Motion carried.

It was moved by Mr. Stewart (Lethbridge), second by Mr. Jones, that a sub-committee composed of the Chairman, Mr. Lennox and Mr. Jacobs be appointed to select counsel, should the Committee be given leave by the House to employ counsel.—Motion carried.

On motion of Mr. Jones, seconded by Sir Eugène Fiset, it was resolved that the Committee report to the House recommending that leave be granted the Committee to print, from day to day, the minutes of proceedings and evidence taken, and also such representations, arguments and papers submitted as may be directed by the said Committee to be printed, for the use of the Committee and members of the House, not to exceed 600 copies in English and 200 copies in French, and that Standing Order in relation thereto be suspended.

Mr. Gardiner moved that the clerk be instructed to obtain for the use of the Committee the following papers:—

Sessional Papers, 1928, No. 296; 1929, No. 136a; 1930, No. 122, also Order in Council, February 9, 1914, *re* Boundary Waters Treaty matters.

Mr. Gardiner submitted names of persons whom he desired subpoenaed to give evidence before the Committee, three of whom are: Gérard Lacroix, 51 rue St-Pierre, Quebec, R. O. Sweezy c/o Beauharnois Power Corporation, University Tower Bldg., Montreal, and Robert Dodd of Robert Dodd & Company, inc., Investment Bankers, Royal Bank Bldg., Montreal; also names of persons, and papers to be produced by such persons; also papers to be obtained from certain departments of the Government at Ottawa; also certain papers to be obtained from the Government of the province of Quebec; also papers to be produced by the Beauharnois Power Corporation, and also correspondence and papers relating to the Beauharnois Development project including those relating to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert, all of which are set forth in the printed proceedings of the Committee.

The Committee after discussion agreed that no witnesses were to be called until after the appointment of counsel.

It was moved by Mr. Stewart (Lethbridge), seconded by Mr. Jacobs,—that the Committee report to the House recommending that leave be granted the Committee to employ counsel for the purpose of assisting in the investigation of the matters referred to them by the House.—Motion carried.

On motion of Sir Eugène Fiset, seconded by Mr. Dorion, it was resolved that the Committee obtain leave to sit while the House is in session.

Mr. Gardiner moved that the Committee adjourn to meet again at the call of the Chair.

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MONDAY, June 22, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 9 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordor, Jones, Stewart (Lethbridge).

A report was presented by the Chairman from the sub-committee appointed to select counsel recommending the appointment of Mr. Peter White, K.C., of Toronto, Ont., and Mr. Louis Morin, K.C., of St. Joseph de Beauce, Que.

The Chairman announced that if, during the course of the investigation, Mr. Gardiner should feel embarrassed in the presentation of the charges made, by reason of not having sufficient counsel, and should so notify the Chairman, no doubt further counsel would be granted.

On motion of Mr. Stewart (*Lethbridge*):

*Resolved*,—That the report of the sub-committee appointed to select counsel be concurred in.

The Chairman suggested that, on and from Thursday, June 18, the fee payable to Mr. Peter White, K.C., be one hundred and fifty dollars daily, plus twenty-five dollars daily for expenses, and that, on and from Wednesday, June 17, the fee payable to Mr. Louis Morin, K.C., be one hundred dollars daily, plus twenty-five dollars daily for expenses.

On motion of Mr. Gardiner:

*Resolved*,—That the suggestion of the Chairman respecting fees and expenses for Mr. Peter White, K.C., and Mr. Louis Morin, K.C., be adopted.

On recommendation of Mr. Peter White, K.C., of counsel for the Committee:

*Ordered*,—That Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, be advised to be present at the next meeting of the Committee, and that he do then submit, for the information of the Committee, the original of Order in Council, P.C. 422, March, 1929, together with all of the plans, drawings and other attachments.

*Ordered*,—That Mr. J. A. Drouin, Record Room, Secretary's Branch, Department of Public Works, Ottawa, be advised to be present at the next meeting of the Committee, and that he do then submit, for the information of the Committee, the original of Report 804, complete.

On motion of Mr. Gardiner:

*Ordered*,—That Mr. Robert Dodd of Robert Dodd and Company, Inc., Investment Bankers, Royal Bank Building, Montreal, be summoned to appear on Thursday, June 25, and be required to produce then a copy of a report entitled "Beauharnois Power Corporation—A comprehensive analytical study of values, issued by Robert Dodd and Company, Inc., and dated March 31, 1930.

Copies of all orders placed for advertising by said Robert Dodd and Company, Inc., with the various newspapers in connection with the sale of Beauharnois collateral trust bonds, and copies of all newspapers containing these advertisements, and cheques or other evidence of payment thereof. Copies of all letters, telegrams, or correspondence, or communications between Robert Dodd and Company, Inc., and others, in connection with the sale of said bonds for the Beauharnois project, and the said report.

On motion of Mr. Gardiner:

*Ordered*,—That Mr. Gérard Lacroix, of Theriault, Bienvenue and Lacroix, Barristers, 51 rue St. Pierre, Quebec, P.Q., be summoned to appear on Thursday, June 25, and be required to produce then the bank book of his law firm and duplicate deposit slips for the months of February, March and April, 1928. Also copies of all correspondence, telegrams, or other communications between his law firm, or the individual members thereof, and others, relative to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert.

In compliance with an order of the Committee made on June 15, the following documents were produced, viz:

*By Mr. A. E. Horton, Chief of Parliamentary Papers Branch, House of Commons*

Sessional Papers:

- No. 295 of Session 1928;
- No. 136 of Session 1929;
- No. 136A of Session 1929;
- No. 122 of Session 1930.

*By Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ont.*

Certified copies of Orders in Council:

- P.C. 2168, December, 1909; P.C. 305, February, 1914; P.C. 422, March, 1929; P.C. 2201, November, 1929; P.C. 2202, November, 1929; P.C. 2203, November, 1929.

The Committee adjourned until to-morrow at 2 p.m.

TUESDAY, 23rd June, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 2 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Pursuant to an Order of the Committee, dated June 15, each member of the Committee was supplied with a copy of,—

(a) The Order of Reference; (b) The speech of Mr. Gardiner, M.P., May 19, 1931; (c) Order in Council, P.C. 422, March, 1929; and (d) Navigable Waters Protection Act.

Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ont., was called and sworn. He produced,—

Exhibit No. 1—Order in Council, P.C. 422, 8th March, 1929, re Beauharnois Light, Heat and Power Company.

Exhibit No. 1A—Votes and Proceedings, House of Commons, 8th March, 1929, containing Order in Council, P.C. 422.

Exhibit No. 2—12 plans, No. 1165, file 804-1, re Order in Council, P.C. 422.

Exhibit No. 3—Order in Council, P.C. 1681, 22nd June, 1929, approval form of agreement for construction.

Exhibit No. 4—Order in Council, P.C. 1122, 27th June, 1929, Beauharnois Light, Heat and Power Development works.

Exhibit No. 5—Order in Council, P.C. 1244, 19th July, 1929, approval of agreement between Dominion Government and Government of Province of Quebec.

Exhibit No. 6—3 plans, No. 1202, re Order in Council, P.C. 1244.

Exhibit No. 7—Orders in Council, P.C. 1758, 9th August, 1900; P.C. 1150, 24th September, 1901; P.C. 2145, 23rd October, 1929; P.C. 2201, 6th November, 1929; re leases of Montreal Cotton Company development works.

Exhibit No. 8—Orders in Council, P.C. 3763, 28th December, 1895; P.C. 1566, 8th July, 1915; P.C. 2202, 6th November, 1929; re leases Montreal Cotton Company, renewal lease, and sub-lease of Beauharnois Light, Heat and Power Company.



Exhibit No. 9—Orders in Council, P.C. 1710, 24th July, 1900; P.C. 493, 9th March, 1923; P.C. 2203, 6th November, 1929; re lease Beaubien Milling Company, renewal lease of Montreal Cotton Company, and sub-lease to Beauharnois Light, Heat and Power Company.

Mr. Lemaire retired.

The Committee adjourned until to-morrow at 11 a.m.

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WEDNESDAY June 24, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 2 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members Present:* Messrs. Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

*Resolved*,—That the Order of the Committee made on June 22, requiring Mr. Robert Dodd, of Montreal, Que., to appear on June 25, be discharged.

Mr. E. J. Lemaire was recalled and produced,—

Exhibit No. 10—Order in Council, P.C. 2386, December 24, 1906. Lease between Dominion Government and MacIntyre & Robert.

Exhibit No. 11—Order in Council, P.C. 2009, October 14, 1907, amending P.C. 2386.

Exhibit No. 12—Order in Council, P.C. 2168, December 9, 1909. Lease to B. Robert.

Exhibit No. 13—Order in Council, P.C. 3136, December 18, 1920, amending lease in P.C. 2168.

Exhibit No. 14—Order in Council, P.C. 1198, July 30, 1926, permitting Canadian Light and Power Company to reconstruct certain works referred to lease of December 10, 1097—P.C. P.C. 2168.

Exhibit No. 15—Order in Council, P.C. 1465, July 23, 1927, permitting Canadian Light and Power Company to remove swing bridge over lock 13.

Exhibit No. 16—Order in Council, P.C. 2239, December 22, 1928, renewal lease to Canadian Light and Power Company.

Mr. Lemaire retired.

Mr. Joseph A. Drouin, Records Office, Department of Public Works, Ottawa, Ont., was called, sworn, and produced,—

Exhibit No. 17—Department of Public Works files numbered 804, respecting application of Beauharnois Light, Heat and Power Company.

Exhibit No. 2-A—Plans and Maps (same as Exhibit No. 2).

Exhibit No. 18—Copy of letter, H. B. Griffith, Secretary, Beauharnois Light, Heat and Power Company to Mr. J. B. Hunter, Deputy Minister of Public Works, also detailed plans of Beauharnois Light, Heat and Power Company, August 20, 1930. (Original of letter is on page 34 of Exhibit No. 17).

Exhibit No. 19—Letter, dated July 29, 1929, from Beauharnois Light, Heat and Power Company to Minister of Public Works, also detailed plans, May 9, 1929.

Mr. Drouin retired.

Mr. James B. Hunter, Deputy Minister of Public Works, Ottawa, Ont., was called, sworn and examined.

Mr. Hunter retired.

*Ordered*, That Mr. McLachlan, Department of Railways and Canals attend to-morrow.

The Committee adjourned until to-morrow at 11 a.m.

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THURSDAY, June 25, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m., Hon. Mr. Gordon, the Chairman, presided.

*Members present*: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The Committee decided to visit the Beauharnois development on 1st July.

The Committee decided to sit on Tuesday, Wednesday, Thursday and Friday of each week, the initial meeting each day to be at 11 a.m.

Mr. White, K.C., of counsel for the Committee, read a letter from the Secretary of State, Ottawa, Ont., to the Chairman of the Committee respecting a reply received from the Premier of Quebec in connection with the Committee's request to be supplied with certain documents at present in the possession of the Government of the Province of Quebec.

Mr. White, K.C., filed,—

Exhibit No. 20—An Act of the Province of Quebec to incorporate the Beauharnois Light, Heat and Power Company. (2 Ed. VII, 1902, Chap. 72), with amendments.

Mr. Morin, K.C., of counsel for the Committee, filed,—

Exhibit No. 21—Sessional Paper of the House of Commons, No. 122, March, 1930.

Exhibit No. 22—Sessional Paper of the House of Commons, No. 136A, March, 1929.

Exhibit No. 23—Sessional Paper of the House of Commons, No. 295, May, 1928.

Exhibit No. 24—Mr. Gardiner's speech on Beauharnois Power Project, as contained in Official Report of Debates of House of Commons, May 19, 1931.

*Ordered*,—That a certified copy be obtained from the Department of the Secretary of State of the prospectus, or statement in lieu of prospectus, or both if both were filed, of the Beauharnois Power Corporation.

The Committee adjourned until 2.30 p.m.

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The Committee resumed at 2.30 p.m., Hon. Mr. Gordon, the Chairman, presided.

*Members present*: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Complying with an Order of the Committee made this day, two certified copies were received from the Department of the Secretary of State of the statement in lieu of prospectus filed in that department by the Beauharnois Power Corporation.

At the request of Mr. White, K. C., and on motion of Mr. Mackenzie (*Vancouver Centre*),—

*Resolved*,—That a Report be submitted to the House requesting power to engage a secretary to assist Counsel to the Committee; and, if such power be granted, that Mr. G. F. Beardsley be engaged, on and from Thursday, 25th June, to act in that capacity at five dollars daily, until the Final Report of the Committee is presented to the House.

Mr. James B. Hunter, Deputy Minister of Public Works, Department of Public Works, Ottawa Ont., was recalled and questioned.

Mr. Hunter retired.

Mr. White, K. C., filed,—

Exhibit No. 25—Statement in lieu of prospectus filed with Secretary of State by the Beauharnois Power Corporation.

Mr. Gerard Lacroix of the firm of Theriault, Bienvenue and Lacroix, Barristers, 51 rue St. Pierre, Quebec, P. C., was called, sworn and examined.

Mr. Morin, K. C., filed,—

Exhibit No. 26—Province of Quebec Legislature Private Bill No. 141 of 1928. An Act to amend the Charter of the Beauharnois Light, Heat and Power Company.

Mr. Lacroix stood aside.

Mr. Jean N. Cantin of Montreal, Que., was called, sworn and examined.

Mr. Cantin retired.

Mr. Lacroix was recalled and further examined.

Mr. Morin, K. C., filed,—

Exhibit No. 27—Letter, dated 22nd February, 1928, from Mr. Gerald Lacroix to Mr. Cantin.

Exhibit No. 28—Account rendered by Gerald Lacroix to Transportation Power Company, 5th March, 1928.

Mr. Lacroix was discharged.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa Ont., was called sworn and examined.

Mr. McLachlan filed,—

Exhibit No. 29—Memorandum prepared by Mr. R. C. Alexander, Engineer, Department of Railways and Canals, Ottawa, Ont., respecting Beauharnois.

Mr. McLachlan retired.

Pursuant to an Order of the Committee, made on June 15, the following documents were received from the Department of the Secretary of State of Canada, viz:

Applications made by Cedar Rapids Manufacturing and Power Company.

*Ordered*,—That the Department of the Secretary of State of Canada be requested to provide a certified copy of the application for incorporation of Beauharnois Power Corporation, Limited, together with the name of the party from whom it was received, and the date it was received.

The Committee adjourned until to-morrow at 11 a.m.



FRIDAY, June 26, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

At the suggestion of Counsel for the Committee, and on motion of Mr. Jacobs,—

*Resolved*,—That permission of the House be asked to engage a firm of auditors to assist in the investigation now proceeding.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont. was recalled and further examined.

The Committee adjourned at 1 p.m. until 2.30 p.m.

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The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman—presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

On motion of Mr. Jacobs,—

*Resolved*,—That Mr. B. H. L. Symmes, Barrister, Toronto, Ont., be appointed Junior Counsel to the Committee at \$35.00 daily and expenses, with duties to commence on 28th June, and to expire when the Final Report of the Committee is presented to the House.

Complying with an Order of the Committee, dated June 25, the Department of the Secretary of State of Canada submitted a certified copy of the application for incorporation of Beauharnois Power Corporation, Limited, together with the name of the firm from whom it was received, and the date when it was received.

Mr. White, K.C., of Counsel for the Committee, filed,—

Exhibit No. 30—Certified copy of application for incorporation of Beauharnois Power Corporation, Limited, 17th December, 1929.

Exhibit No. 31—Plan for diversion of 40,000 c. f. s., as submitted by the Beauharnois Light, Heat and Power Company.

Mr. Duncan W. McLachlan was recalled and further examined. He filed,—  
Exhibit No. 32—Memorandum respecting Navigation Losses from adding water surface to the St. Lawrence River between Brockville and Lake St. Peter.

Mr. McLachlan retired.

The Committee adjourned until Tuesday, 30th June, at 11 a.m.

TUESDAY, June 30, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Duncan W. McLachlan was recalled and further examined. He filed,—

Exhibit No. 33—Copy of letter, dated November 30, 1929, from Mr. Pugsley, Secretary, Department of Railways and Canals, Ottawa, Ont., to L. S. Christie, Beauharnois Light, Heat and Power Company.

Mr. McLachlan retired.

The Chairman ruled that any counsel present could examine a witness, provided the information sought would be helpful.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was called, sworn and examined.

The Committee adjourned at 1 p.m. until 2.30 p.m.

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The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The examination of Mr. Kenneth McKenzie Cameron was resumed. In the course of the examination, Mr. White, K.C., of Counsel for the Committee, filed,

Exhibit No. 34—Copy of letter, dated October 25, 1927, from Mr. D. W. McLachlan to L. C. Sabin, Vice-President, Lake Carriers' Association, Cleveland, Ohio, together with copy of Mr. Sabin's reply.

Mr. Cameron was cross-examined by Mr. Montgomery.

Mr. Cameron retired.

On motion of Mr. Jacobs,—

*Ordered*,—That the Committee Clerks, Messrs. Dun, Taschereau and Doyle accompany the Committee on their trip to-morrow.

The Committee adjourned until Thursday, 2nd July, at 11 a.m.

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THURSDAY, July 2, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was recalled and further examined.

Mr. Cameron stood aside.

Mr. Percy M. Anderson, Assistant Counsel, Law Branch, Department of Railways and Canals, Ottawa, Ont., was called, sworn and produced,—

Exhibit No. 35. File No. 16299, Department of Railways and Canals, Ottawa, Ont., re application for conveyance of part of Hungry Bay Dyke.

Mr. Anderson retired

The examination of Mr. Cameron was resumed.

Mr. Cameron retired.

At the suggestion of Mr. White, K.C., of counsel for the Committee,—

*Ordered*,—That Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal, Que., be summonsed to appear on Tuesday, 7th July, and to produce Beauharnois Light, Heat and Power Company and Syndicate correspondence, prospectuses, etc., relating in any manner to this project.

The Committee adjourned until to-morrow at 11 a.m.

#### FRIDAY, July 3, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members Present*: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Minicographed copies of a Report, dated November 13, 1930, from Chief Engineer Cameron to the Deputy Minister of Public Works, were distributed to the Committee.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was recalled and further examined. At the request of Mr. Morin, K.C., of Counsel for the Committee, he filed:—

Exhibit No. 36—Memorandum prepared by Mr. Cameron showing applications, 1910 to date, for diversion of water in Soulanges section.

Mr. Cameron stood aside.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont., was recalled and further examined.

Mr. McLachlan retired.

Mr. Cameron was cross-examined by Mr. Montgomery.

Mr. Cameron stood aside.

Mr. James B. Hunter, Deputy Minister, Department of Public Works, Ottawa, Ont., was recalled and further examined.

Mr. Hunter retired.

Mr. McLachlan was recalled and further examined. He filed:—

Exhibit No. 37—Memorandum by Mr. McLachlan, respecting proposed works of the Beauharnois Company.

Mr. McLachlan retired.

Mr. Cameron was further examined.

Mr. Cameron retired.

The Committee adjourned at 1 p.m. until 2.30 p.m.



The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members Present:* Messrs. Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Louis Côté, Chief Engineer, Department of Marine, Ottawa, Ont., was called, sworn and examined.

Mr. Côté was discharged.

Mr. J. T. Johnston, Director of Water Powers and Reclamation Service, Department of the Interior, Ottawa, Ont., was called, sworn and examined. He filed,—

Exhibit No. 38—Memorandum, dated June 21, 1912, from Mr. Johnston to Mr. Challies, *re* proposed development of Beauharnois Light, Heat and Power Company.

Mr. Johnston was cross-examined by Mr. Forsythe.

Mr. Johnston retired.

Mr. C. R. Coutlee, Engineer, Department of Public Works, Ottawa, Ont., was called, sworn, examined by Mr. White, and cross-examined by Mr. Forsythe.

Mr. Coutlee retired.

Mr. White, K.C., of Counsel for the Committee, filed,—

Exhibit No. 39—Application, January 17, 1928, to His Excellency the Governor General by Beauharnois Light, Heat and Power Co. for an agreement, together with memorandum, December 17, 1927, from Deputy Minister of Public Works, to Deputy Minister of Justice.

Exhibit No. 40—Approval, translated, of Quebec Public Service Commission, September 17, 1929, B. L. H. & P. Co. for construction and operation.

Exhibit No. 41—Certified copy of Emphyteutic lease from Province of Quebec to B. L. H. & P. Co., June 23, 1928.

Exhibit No. 42—Translation of report of meeting of Executive Counsel of Quebec, April 25, 1928, respecting B. L. H. & P. Co.

Exhibit No. 43—Memorandum of agreement, June 25, 1929, B. L. H. & P. Co. and the Minister of Public Works.

Exhibit No. 44—Province of Quebec lease, copy, May 7, 1897, to Montreal Cotton Co.

Exhibit No. 19A—B. L. H. & P. Co. Plans of Lands affected, May 9, 1929.

Exhibit No. 19B—B. L. H. & P. Co. Plan of specification for proposed diversion of St. Louis River and of St. Louis Irrigation Ditch.

Exhibit No. 19C—B. L. H. & P. Co. plans and descriptions of lands.

Exhibit No. 39A—Supplementary memo. by B. L. H. & P. Co., January 16, 1928, *re* ultimate possibilities of proposed Hydro-Electric Power Development between Lake St. Francis and Lake St. Louis.

Exhibit No. 39B—Annex to Dominion Order in Council P.C. 422 approving plans of B. L. H. & P. Co. under Navigable Waters Protection Act, Hungry Bay and Melochville.

Exhibit No. 45—B. L. H. & P. Co. compilation of plans, works and descriptions, and plans of site approved by Order in Council P.C. 422.

Exhibit No. 46—B. L. H. & P. Co. study of remedial and control works.

Exhibit No. 47—B. L. H. & P. Co. study of remedial and control works (supplement).

Exhibit No. 48—B. L. H. & P. Co. description of a portion of Hungry Bay Dyke, July, 1928.

Exhibit No. 49—Stenographic report of public hearing by Cabinet sub-committee upon B. L. H. & P. Co. application, January 15, 1929.

Exhibit No. 50—Report upon application of B. L. H. & P. Co. by inter-departmental committee of engineers, January, 1929.

Exhibit No. 9A—Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B. L. H. & P. Co. and H.M. the King.

Exhibit No. 7A—Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B. L. H. & P. Co. and H.M. the King.

Exhibit No. 8A—Copy File 5171, Department of Railways and Canals, consent to sub-lease Montreal Cotton Co., B. L. H. & P. Co., and H.M. the King.

Exhibit No. 51—Pamphlet "Down the Canal" by Beauharnois Power Corporation.

Exhibit No. 52—Pamphlet "Physical Facts and Figures on Beauharnois" by Beauharnois Power Corporation.

Mr. Andrew T. Thompson, barrister, Ottawa, Ont., was called and sworn. He produced a file of correspondence from his office respecting power developments on the St. Lawrence river.

Mr. Thompson retired.

The Committee adjourned until Tuesday, July 7, at 11 a.m.

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#### TUESDAY, July 7, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members Present:* Messrs Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Lennox, Mackenzie (Vancouver Centre), Stewart (Lethbridge).

Mr. Andrew T. Thompson, of Messrs. Thompson, Cote, Burgess and Code, barristers, Ottawa, Ont., was recalled and further examined.

Mr. Thompson retired.

Mr. Robert A. C. Henry, Vice-President and General Manager, Beauharnois Power Corporation Limited was called, sworn and examined.

The Committee adjourned at 1 p.m. until 2.30 p.m.

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The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members Present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (Vancouver Centre), Stewart (Lethbridge).

The examination of Mr. Henry was continued.

Mr. Henry retired.

Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal, Que., was called, sworn and examined.

Mr. Jones stood aside.

Mr. Hugh B. Griffith, Secretary-Treasurer, Beauharnois Power Corporation Limited, was called, sworn and examined.

Mr. Griffith retired.

The examination of Mr. Jones was resumed.

Mr. Jones retired.

The examination of Mr. Griffith was resumed. He produced:—

Exhibit No. 53—Minute Book No. 1, B.L.H. and P. Co., covering meetings April 22, 1902 to November 6, 1929.

Exhibit No. 54—Minute Book No. 2, B.L.H. and P. Co., covering meetings December 14, 1929 to March 25, 1931.

Exhibit No. 55—Memorandum of agreement, dated October 31, 1929, between Beauharnois Power Syndicate, Beauharnois Power Corporation Limited, and Marquette Investment Corporation.

Exhibit No. 56—Indenture, December 17, 1929, between Beauharnois Power Syndicate, Beauharnois Power Corporation Limited, and Marquette Investment Corporation.

Exhibit No. 57—Minutes of meetings of Board of Syndicate Managers, Beauharnois Syndicate, March 2, 1928 to April 10, 1928.

Exhibit No. 58—Minutes of meetings of Board of Syndicate Managers, Beauharnois Power Syndicate, April 4, 1928 to December 4, 1929.

Exhibit No. 59—Memorandum of Syndicate agreement, May 12, 1927, between R. O. Sweezey and Marquette Investment Corporation.

Mr. Griffith retired.

On motion of Mr. Gardiner,—

*Resolved*,—That Messrs. Price, Waterhouse and Co. be engaged as Auditors, and that the Chairman be empowered to arrange for remuneration for such services.

The Committee adjourned until to-morrow at 11 a.m.

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WEDNESDAY, July 8, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present*: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

At the suggestion of Mr. White, K.C., of counsel for the Committee, and on motion of Mr. Gardiner,—

*Ordered*,—That the Secretary of the Department of Public Works, Ottawa, and the Secretary of the Department of Railways and Canals, Ottawa, be respectively asked to supply the departmental file respecting the application of the Sterling Industrial Corporation, Limited, in connection with water powers on the Soulanges section of the St. Lawrence River, or any other part of that river.

*Ordered*,—That the Department of the Secretary of State, Ottawa, be asked to supply a certified copy of Letters Patent of Sterling Industrial Corporation, Limited, dated 15th July, 1924.



Mr. Hugh Griffith, Secretary-Treasurer, Beauharnois Power Corporation, Limited, was recalled and further examined. During the course of Mr. Griffith's examination, Mr. White, K.C., filed,—

Exhibit No. 60—Part 1. Copy of memorandum of agreement, February 3, 1927, between (1) W. H. Robert, J. A. Robert, Sarah M. Robert, (2) R. O. Sweezey, and (3) National Trust Company, Ltd.

Part 2. Copy of agreement, February 3, 1927, between (1) W. H. Robert, E. A. Robert, J. A. Robert, Miss S. M. Robert, and (2) R. O. Sweezey.

The Committee adjourned at 1 p.m. until 2.30 p.m.

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The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Leithbridge*).

Pursuant to an Order of the Committee, issued this day, documents were received by the Committee, as follows:—

From Department of Railways and Canals, Ottawa: File No. 15261 of the Canal Branch respecting Sterling Industrial Corporation, Limited.

From Department of Public Works, Ottawa: File No. 10898-1 (including blueprint) respecting Sterling Industrial Corporation, Limited.

From Department of Secretary of State, Ottawa: Certified copy of Letters Patent, July 15, 1924, incorporating Sterling Industrial Corporation, Limited.

Mr. White, K.C., filed,—

Exhibit No. 61—Department of Railways and Canals, Ottawa. File 15261 (Canal Branch) respecting Sterling Industrial Corporation, Limited.

Exhibit No. 62—Department of Public Works, Ottawa. File 10898-1 (including blueprint) respecting Sterling Industrial Corporation, Limited.

Exhibit No. 63—Department of Secretary of State, Ottawa. Certified copy of Letters Patent, July 15, 1924, incorporating Sterling Industrial Corporation, Limited.

The examination of Mr. Griffith was resumed. During the examination, Mr. White, K.C., filed,—

Exhibit No. 64—Beauharnois Power Corporation Ltd. Book A and Book B, containing By-laws and Minutes of Board of Directors, September 30, 1929, to April 22, 1931.

Exhibit No. 65—Beauharnois Power Corporation, Ltd. Minutes of Management Preferred Shareholders, December 20, 1929, to March 11, 1931.

Exhibit No. 66—Marquette Construction Corporation. Corporate Records, By-laws and Minutes, November 4, 1929, to November 3, 1930.

Exhibit No. 67—Beauharnois Construction Company. Minutes of Directors, Minutes of Shareholders, July 10, 1929, to March 25, 1931.

Exhibit No. 68—Beauharnois Land Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.

Exhibit No. 69—Beauharnois Transmission Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.

Mr. Griffith retired.

The Committee adjourned until to-morrow at 11 a.m.

THURSDAY, July 9, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Hugh B. Griffith, Secretary-Treasurer, Beauharnois Power Corporation, Limited, was called and further examined. During the examination, Mr. White, K.C., of counsel for the Committee, filed:—

Exhibit No. 70—Copy of memorandum of agreement, November 6, 1929, between B.L.H. and P. Co. and Beauharnois Construction Company.

Exhibit No. 71—Beauharnois Power Corporation, Limited. Prospectus re issue of \$30,000,000 30 year 6 per cent bonds. Newman, Sweezy & Co., Ltd., Montreal.

The Committee adjourned at 1 p.m. until 2.30 p.m.

The Committee resumed at 2.30 p.m.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The examination of Mr. Griffith was continued.

Mr. White, K.C., filed:—

Exhibit No. 72—Beauharnois Power Syndicate. Balance Sheet, December 17, 1929.

Exhibit No. 73—Copy of Trust Deed of Hypothec, Mortgage and Pledge re \$30,000,000 30 year 6 per cent bonds. Beauharnois Power Corporation, Limited, to The Royal Trust Company.

Mr. Griffith retired.

The Committee adjourned until to-morrow at 10.30 a.m.

FRIDAY, July 10, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 10.30 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Hugh B. Griffith, Secretary Treasurer, Beauharnois Power Corporation, Limited, was recalled and further examined. In the course of the examination, Mr. White, K.C., of counsel for the Committee, filed,—

Exhibit No. 74—Beauharnois Power Syndicate. Statement showing distribution of common shares and of cash to holders of part interests.

Mr. Griffith retired.

Mr. Arthur White, President, Dominion Securities Corporation, and Vice-President, Bank of Commerce, was called, sworn and examined.

Mr. White retired.

Mr. Robert A. C. Henry, Vice-President and General Manager, Beauharnois Power Corporation, Limited, was recalled and examined. During the examination, Mr. White, K.C., filed,—

Exhibit No. 75—Sterling Industrial Corporation. Memo of agreement, December 18, 1928, between Beauharnois Power Syndicate, John P. Ebbs, and Lyla Brennan.

Mr. Henry retired.

At the suggestion of Mr. White, K.C.,—

*Ordered*,—That the Clerk of the Privy Council, Ottawa, be requested to supply certified copies of the recommendation and the Order in Council respecting the appointment of Mr. Robert A. C. Henry as Deputy Minister of Railways and Canals.

The Committee adjourned at 1 p.m. until 2.30 p.m.

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The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present*: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

In compliance with an Order of the Committee, issued this day, the Clerk of the Privy Council, Ottawa, supplied a certified copy of Order in Council (P.C. 192), February 4, 1929, appointing Mr. Robert A. C. Henry to the position of Deputy Minister of Railways and Canals. A certified copy of the recommendation made in regard to this appointment was not supplied, for the reason that information respecting recommendations is never divulged.

Mr. Henry was recalled and further examined.

Mr. White, K.C., filed,—

Exhibit No. 76—Certified copy of Order in Council (P.C. 192), February 4, 1929, appointing Mr. Robert A. C. Henry as Deputy Minister of Railways and Canals.

Mr. Morin, K.C., of counsel for the Committee, filed,—

Exhibit No. 77—Booklet. St. Lawrence Waterway Project. Report of National Advisory Committee, 1928.

Mr. Montgomery, K.C., of counsel for the Beauharnois Company, cross-examined Mr. Henry, and filed,—

Exhibit No. 78—B. L. H. and P. Co. Plans of new headgates and intake for the relocated St. Louis River Feeder (or Canal), October 1, 1930. Document 61.

Mr. Henry retired.

The Committee adjourned until Monday, July 13, at 2 p.m.



MONDAY, July 13, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 2.00 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), and Stewart (*Lethbridge*).

Mr. Robert A. C. Henry, Vice President and General Manager, Beauharnois Power Corporation, Limited, was recalled and further examined. He produced a statement which Mr. White, K.C., of counsel for the Committee, filed as,—

Exhibit No. 79—B.L.H. & P. Co. Estimates of operating expenses at the end of the first year following complete development and sale of 500,000 commercial horsepower.

Mr. Montgomery, K.C., of counsel for Beauharnois Power Corporation, Limited, filed:

Exhibit No. 80—Beauharnois Canal—Cross-section for various capacities, based on flow of  $2\frac{1}{4}$  feet per second.

Mr. White, K.C., filed:—

Exhibit No. 81—Beauharnois Power Corporation, Limited, and R. A. C. Henry. Memorandum of agreement, March 10, 1930.

Mr. Montgomery, K.C., filed:—

Exhibit No. 82—B.L.H. & P. Co. Plans and specifications of the works, in pursuance of sect. 7 of the Water-Course Act, May 9, 1929. Document 18.

Mr. Henry retired.

Mr. L. Clare Moyer, Barrister, Ottawa, Ontario, was called, sworn and examined.

Mr. Moyer retired.

Mr. R. O. Sweezey, President, Beauharnois Power Corporation, Limited, was called, sworn and examined.

Mr. Sweezey stood aside.

Mr. Hugh B. Griffith, Secretary Treasurer, Beauharnois Power Corporation, Limited, was recalled and further examined.

Mr. Griffith retired.

The examination of Mr. Sweezey was resumed.

On motion of Mr. Lennox:

*Resolved:* That the Chairman be authorized to move in the House that a Message be sent to the Senate requesting that leave be given to Honourable Senators Haydon, McDougald and Raymond, three of their Members, to attend and give evidence before this Committee.

At the suggestion of Mr. White, K.C.:—

*Ordered:* That Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal, be required to appear on Tuesday, July 14, or, failing that, on Wednesday, July 15.

The Committee adjourned at 6 p.m. until 8.30 p.m.

The Committee resumed at 8.30 p.m.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), and Stewart (*Lethbridge*).

Mr. Moyer was recalled and further examined.

Mr. Moyer retired.

Mr. Sweezey was recalled and further examined.

Mr. Sweezey retired.

The Committee adjourned until to-morrow, Tuesday, 14th July, at 11.00 a.m.

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TUESDAY, July 14, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project, called to meet at 11 a.m., convened at 11.35 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Hugh B. Griffith, Secretary-Treasurer, Beauharnois Power Corporation, Limited, was recalled and further examined.

Mr. Griffith retired.

Mr. R. O. Sweezey, President, Beauharnois Power Corporation, Limited, was recalled and further examined. In the course of the examination, Mr. White, K.C., of counsel for the Committee filed,—

Exhibit No. 83—Copy of The Engineering Journal, March, 1924.

Mr. Montgomery, K.C., of counsel for Beauharnois Power Corporation, Limited, suggested that Mr. Dubuc of the Department of Railways and Canals, Ottawa, Ont., be called as a witness.

Mr. White, K.C., suggested that Mr. McLachlan of the Department of Railways and Canals, Ottawa, Ont., be recalled for examination.

*Ordered*,—That Mr. Dubuc and Mr. McLachlan of the Department of Railways and Canals, Ottawa, Ont., attend for examination to-day at 2.30 p.m.

Mr. Sweezey was cross-examined by Mr. Forsythe, K.C., of counsel for Beauharnois Power Corporation, Limited.

Mr. White, K.C., filed,—

Exhibit No. 84—Analytical statement by Robert Dodd and Company of Montreal respecting Beauharnois Power Corporation.

The Committee adjourned at 1 p.m. until 3 p.m.

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The Committee resumed at 3 p.m.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Arthur E. Dubuc, Chief Engineer, Department of Railways and Canals, Ottawa, Ont., was called, sworn and examined.

Mr. Dubuc retired.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont., was recalled and further examined.

Mr. McLachlan retired.

Mr. John P. Ebbs of Messrs. Haydon and Ebbs, Barristers, Ottawa, Ont., was called, sworn and examined.

Mr. White, K.C., filed,—

Exhibit No. 85—Cheque, October 17, 1929, for \$50,000 issued by Marquette Investment Corporation in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont.

Exhibit No. 86—Beauharnois Power Corporation, Limited. Cheque, June 12, 1930, for \$7,500 in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa.

Exhibit No. 87—B.L.H. and P. Co. cheque, September 30, 1930, for \$7,500 in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont.

Exhibit No. 88—Account, October 17, 1929, submitted by Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont., to Mr. H. B. Griffith, B.L.H. and P. Co., for \$1,857.24, together with cheque, December 16, 1929, from Marquette Investment Corporation in favour of Messrs. McGiverin, Haydon and Ebbs, Ottawa, Ont., for that amount.

Exhibit No. 89—John P. Ebb's declaration of trust certificate, No. 217, for 1,600 part-interests in Beauharnois Power Syndicate and additional 1,600 part-interests in Beauharnois Power Syndicate.

Mr. Ebbs retired.

Mr. Sweezey was recalled and further examined.

Mr. Sweezey retired.

Mr. Ainslie W. Greene, Barrister, Ottawa, Ont., was called, sworn and examined.

Mr. Greene retired.

Two documents submitted earlier in to-day's proceedings by Mr. Forsythe, K.C., of counsel for Beauharnois Power Corporation, Limited, were, by consent of the Committee, filed as,—

Exhibit No. 90—Report by Mr. Albert S. Crane, Consulting Engineer, New York, October 8, 1930, to Mr. R. A. C. Henry respecting Earthen Embankments.

Exhibit No. 91—Memorandum, October 21, 1930, from Mr. T. H. Hogg, Consulting Engineer, Toronto, Ont., to Mr. R. A. C. Henry respecting Dykes along Canal of Beauharnois Power Company.

Mr. L. Clare Moyer was recalled and further examined.

Mr. Moyer retired.

Mr. Sweezey was recalled and further examined.

Mr. Sweezey retired.

On motion of Mr. Gardiner,—

*Ordered*,—That Mr. Robert Dodd of Robert Dodd and Company Inc., Royal Bank Building, Montreal, Que., be required to appear for examination to-morrow afternoon, Wednesday, July 15.

The Committee adjourned until to-morrow, Wednesday, July 15, at 11 a.m.



WEDNESDAY, July 15, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. White, K.C., of counsel for the Committee, filed,—  
Exhibit No. 92—Minutes of Sterling Industrial Corporation.

Hon. Lucien Cannon, K.C., counsel for the Province of Quebec, supplied the following documents, and they were filed by Mr. White, K.C., viz:—

Exhibit No. 41A—Certified copy of emphyteutic lease, June 23, 1928 (40,000 c.f.s.) B.L.H. and P. Co.

Exhibit No. 93—Certified copy of Quebec Order in Council, April 27, 1928, authorizing emphyteutic lease.

Exhibit No. 94—Certified copy of agreement, October 18, 1929, between Dominion of Canada and Province of Quebec in pursuance of condition 24 of P.C. 422.

Exhibit No. 95—Certified copy of Quebec Order in Council, December 4 and 5, 1929, granting water rights to Montreal Cotton Company.

Exhibit No. 96—Certified copy of Letter, December 17, 1929, from B.L.H. and P. Co. (with Minister's acknowledgment of receipt endorsed thereon) to Minister of Lands and Forests, Quebec.

Exhibit No. 97—Certified copy of lease, May 7, 1897, Province of Quebec to Montreal Cotton Co. (See also Exhibit No. 44.)

Exhibit No. 98—Certified copy of Quebec Order in Council, April 25 and 27, 1928, authorizing lease to B.L.H. and P. Co.

Exhibit No. 99—Certified copy of Quebec Public Service Commission, September 17, 1929, approving plans. B.L.H. and P. Co. vs. Canadian Light and Power Co., Beauharnois Electric Co., Bell Telephone Co. of Canada.

Exhibit No. 100—Certified copy of Quebec Order in Council, October 10 and 11, 1929, approving plans under Water Course Act.

Exhibit No. 101—Certified copy of Quebec Order in Council, September 18 and 19, 1929, authorizing new lease, B.L.H. and P. Co.

Exhibit No. 102—Certified copy of emphyteutic lease, October 18, 1929, between Minister of Lands and Forests, Quebec and B.L.H. and P. Co.

Exhibit No. 103—Certified copy of report of meeting of Quebec Executive Council, April 27, 1928.

Exhibit No. 104—Certified copies of all documents relative to application of B.L.H. and P. Co. for diversion of 30,000 c.f.s. through Beauharnois Canal, granted by Province of Quebec in 1931, including application and document or documents of grant.

At the suggestion of Mr. White, K.C.,

*Ordered.*—That J. Fenton Argue, M.D., 116 Nepean Street, Ottawa, Ont., be instructed to attend to-day for examination.

Mr. J. Fenton Argue, M.D., was called, sworn and examined.

Mr. Argue retired.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was recalled and further examined.

Mr. Cameron retired.

Mr. J. R. L. Starr, K.C., counsel for Senator McDougald, was asked by the Chairman if Senator McDougald would appear as a witness. Mr. Starr replied that Senator McDougald, on Mr. Starr's advice, would not appear as a witness.

The Committee adjourned at 1.15 p.m., until to-morrow, Thursday, July 16, at 11 a.m.

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THURSDAY, July 16, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. White, K.C., of counsel for the Committee, filed:—

Exhibit No. 105—Certified copy of affidavit leading to granting of probate of will of Mr. Clifford W. B. Sifton, with schedule of assets.

Mr. Hugh B. Griffith, Secretary Treasurer, Beauharnois Power Corporation, Limited, was recalled and further examined.

Mr. Griffith retired.

Mr. Narcisse M. Cantin, of Montreal, Que., was called, sworn and examined. Mr. Cantin retired.

Mr. R. O. Sweezy, President, Beauharnois Power Corporation, Limited, was recalled and further examined.

Mr. Sweezy retired.

Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal, Que., was recalled and further examined.

Mr. Jones retired.

The Committee adjourned at 1 p.m. until 3 p.m.

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The Committee resumed at 3 p.m.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Hon. Senator Donat Raymond, The Senate, Ottawa, Ont., was called, sworn and examined.

Hon. Senator Raymond stood aside.

Mr. Hugh B. Griffith was recalled and further examined.

Mr. Griffith retired.

The examination of Hon. Senator Raymond was resumed.

Hon. Senator Raymond retired.

Mr. Robert Dodd, of Robert Dodd and Company, Investment Bankers, Royal Bank Building, Montreal, Que., was called, sworn, examined and cross-examined.

Mr. Dodd retired.

Mr. White, K.C., filed:—

Exhibit No. 106—Letter, July 10, 1931, from Mr. Francis King, Dominion Marine Association, to Hon. W. A. Gordon, Chairman of the Committee.

Mr. Hugh B. Griffith was recalled and further examined.

Mr. Griffith retired.

Mr. White, K.C., filed:—

Exhibit No. 107—Copy of telegraphed letter, July 15, 1931, from Mr. Victor Cloutier, Chief Clerk of Committees, H. of C., to Hon. Senator W. L. McDougald, inviting him to attend the Committee to give evidence on Thursday, July 16, 1931. Also confirmation of delivery by telegraph office.

The Committee adjourned until to-morrow, Friday, July 17, at 11 a.m.

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FRIDAY, July 17, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

At the suggestion of Mr. White, K.C., of counsel for the Committee, and on motion of Mr. Gardiner,—

*Ordered*,—That Mr. Achille Bergevin, 1801 Dorchester street west, Montreal, Quebec, be instructed to appear for examination on Monday, 20th July, at 2.30 p.m.

Mr. White, K.C., filed,—

Exhibit No. 108—Beauharnois Power Corporation, Limited. List of Class A Shareholders.

Mr. R. O. Sweezey, President, Beauharnois Power Corporation, Limited, was recalled.

Mr. White, K.C., filed,—

Exhibit No. 109—Marquette Investment Corporation cheque dated June 4, 1930, for \$199,512.16 payable to Dominion Securities Corporation.

Voucher for \$44,000 of Dominion of Canada 5½ per cent 1934 bonds and \$150,000 Dominion of Canada 5½ per cent 1933 bonds.

The protection of the Canada Evidence Act having been asked for by Mr. Sweezey, and obtained, he was further examined.

Mr. Sweezey retired.

Mr. Hugh B. Griffith, Secretary Treasurer, Beauharnois Power Corporation, Limited, was recalled. Having asked for and obtained the protection of the Canada Evidence Act, he was further examined.

Mr. Griffith retired.

Mr. John Aird, Jr., Engineer, Toronto, Ontario, was called, sworn, examined and cross-examined.

On motion of Mr. Jacobs,—

*Ordered*,—That the following bank officials attend for examination on Monday, 20th July, at 2.30 p.m., and that they severally produce then any cor-



respondence or instructions received from John Aird, Jr., or from anybody else respecting deposits of bonds, etc., made by John Aird, Jr., together with accounts, ledgers, etc., showing entries, viz:

1. C. F. Lemon, Manager, Discount Department, Royal Bank of Canada, Toronto, Ontario.

2. W. J. F. Ross, Assistant Manager, Securities Department, Canadian Bank of Commerce, Toronto, Ontario.

3. D. D. Macleod, Messrs. Aird, Macleod and Company, 404 Royal Bank Building, Toronto, Ontario.

4. A. M. Maclellan, Canadian Bank of Commerce, Yonge and Colborne Branch, Toronto, Ontario.

5. Mr. Russell, Assistant Manager, Bank of Nova Scotia, Toronto, Ontario.

Mr. Forsythe, K.C., of counsel for Beauharnois Power Corporation, Limited, filed,—

Exhibit No. 110—Bank of Montreal cheque, December 5, 1929, for \$847.78, payable to Cash. Signed by Hugh B. Griffith and endorsed "D. T. Main".

On motion of Mr. Jacobs,—

*Ordered*,—That Sir John Aird, President, Canadian Bank of Commerce, Toronto, Ontario, attend for examination on Monday, 20th July, at 2.30 p.m.

Mr. White, K.C., filed,—

Exhibit No. 111—Five letters from banks in Toronto, dated in July, 1931, to Mr. John Aird, Jr., together with Memorandum *re* bonds (Two yellow sheets).

Mr. Aird retired.

*Ordered*,—That Hon. Senator Donat Raymond attend for further examination on Monday, 20th July, at 2.30 p.m.

The Committee adjourned at 2.30 p.m., until Monday, 20th July, at 11 a.m.

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### MONDAY, July 20, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present*: Messrs. Fiset (Sir Eugène), Gardiner, Gordon, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The Honourable W. L. McDougald, a Member of the Senate of Canada, was called and sworn.

The Committee adjourned until 2.30 p.m.

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The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present*: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Sir John Aird, President, Canadian Bank of Commerce, Toronto, Ont., was called, sworn and examined.

Sir John Aird retired.

Mr. Charles F. Lemon, Manager of Discount Department, Royal Bank of Canada, Toronto, Ont., was called, sworn and examined.

Mr. Lemon was discharged.

Mr. William J. F. Ross, Assistant Manager of Securities Department, Canadian Bank of Commerce, Toronto, Ont., was called, sworn and examined. Mr. White, K.C., of counsel for the Committee, filed,—

Exhibit No. 112—Photostatic copy of letter, December 5, 1929, from Montreal and signed by John Aird, Junior, *re* transfer of bonds.

Mr. Ross was discharged.

Mr. Donald D. MacLeod of Messrs. Aird, MacLeod and Company, Toronto, Ont., was called, sworn and examined.

Mr. MacLeod was discharged.

Mr. Alexander MacD. MacLennan, Accountant, Canadian Bank of Commerce, Yonge and Colborne Branch, Toronto, Ont., was called, sworn and examined.

Mr. MacLennan was discharged.

Mr. Kenneth S. Russell, Assistant Manager, Bank of Nova Scotia, Toronto, Ont., was called, sworn and examined.

Mr. Russell was discharged.

The Honourable W. L. McDougald, a Member of the Senate of Canada, was recalled and examined.

Mr. White, K.C., filed,—

Exhibit No. 113—Copy of Order in Council (P.C. 779), May 7, 1924, appointing a National Advisory Committee respecting Improvement of Navigation of St. Lawrence Waterway.

The Honourable W. L. McDougald retired.

The Committee adjourned until to-morrow, Tuesday, July 21, at 11 a.m.

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#### TUESDAY, July 21, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The Honourable W. L. McDougald, a Member of the Senate of Canada, was recalled and further examined.

The Committee adjourned at 1 p.m. until 3 p.m.

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The Committee resumed at 3 p.m.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Sir John Aird, President, Canadian Bank of Commerce, Toronto, Ontario, was recalled and further examined.

Sir John Aird retired.

The Honourable W. L. McDougald was recalled and further examined.

Mr. White, K.C., of counsel for the Committee, filed,—

Exhibit No. 114—Marquette Investment Corporation cheque, September 5, 1928, for \$5,857.04 in favour of Messrs. Geoffrion and Prud'homme.

Messrs. Geoffrion and Prud'homme's account August, 1928, rendered to Beauharnois Power Syndicate.

The Honourable W. L. McDougald stood aside.

Mr. Andrew T. Thompson of Messrs. Thompson, Cote, Burgess and Code, Barristers, Ottawa, Ontario, was recalled and further examined.

Mr. White, K.C., filed,—

Exhibit No. 115—Messrs. Thompson, Cote, Burgess and Code's account, July 24, 1928, for \$2,500 rendered to Beauharnois Light, Heat and Power Company, and Marquette Investment Corporation cheque, July 27, 1928, in payment therefor.

Mr. Thompson retired.

The examination of the Honourable W. L. McDougald was continued.

Mr. White, K.C., filed,—

Exhibit No. 116—Three accounts rendered by W. B. Sifton, April 28, May 19 and May 19, 1928, together with Marquette Investment Corporation cheque, May 25, 1928, in favour of W. B. Sifton for \$1,128.98.

Exhibit No. 117—Marquette Investment Corporation cheque, November 8, 1929, for \$5,000 in favour of Dr. W. L. McDougald, for travelling expenses, January 1 to November 8, 1929.

Exhibit No. 118—Hon. W. L. McDougald guest accounts Nos. 15687 and 15724, Hotel Bermudiana, Hamilton, Bermuda.

Hon. W. L. McDougald's account to Beauharnois Light, Heat and Power Co. Ltd for \$3,352.32.

Beauharnois Power Corporation Limited cheque, June 13, 1930, in favour of Hon. W. L. McDougald for \$3,352.32.

Exhibit No. 119—Hon. W. L. McDougald cheques, April 19, 1930, and April 25, 1930, to Hotel Bermudiana, for \$645.69 and \$56.42, respectively.

The Honourable W. L. McDougald stood aside.

Mr. Andrew T. Thompson was recalled and further examined.

Mr. Thompson retired.

The examination of the Honourable W. L. McDougald was continued.

The Honourable W. L. McDougald retired.

Mr. John Aird, Jr., Engineer, Toronto, Ontario, was recalled and further examined.

Mr. Aird retired.

The Committee adjourned until to-morrow, Wednesday, July 22, at 11 a.m.



WEDNESDAY, July 22, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugene), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Achille Bergevin, 1801 Dorchester Street West, Montreal, Que., was called, sworn and examined. He filed,—

Exhibit No. 120—Plans of Nesbitt, Thompson Co. *re* Beauharnois Light, Heat and Power Company.

Exhibit No. 121—Blue print of plan of part of St. Lawrence River.

Exhibit No. 122—Map of Great Lakes and Atlantic Canal and Power Company, Limited. Great Lakes to Ocean Route.

Exhibit No. 123—Copy of letter, September 2, 1913, from Mr. R. O. Sweezey to Sir W. M. Aitken, London, England.

Exhibit No. 124—Letter, July 30, 1924, from Canadian British Corporation, Ltd., to Harry Clark, Esq., Montreal.

Exhibit No. 125—Copy of letter, May 25, 1928, from Mr. Aime Geoffrion to Hon. Senator W. L. McDougald.

Mr. Bergevin retired.

Mr. R. O. Sweezey, President, Beauharnois Power Corporation, Limited, was recalled and further examined.

Mr. Sweezey retired.

Mr. Alexander F. King of Messrs. Price, Waterhouse and Company, Chartered Accountants, Toronto, Ont., was called, sworn and examined.

Mr. White, K.C., of counsel for the Committee, filed,—

Exhibit No. 126—Beauharnois Power Corporation, Limited. Consolidated Balance Sheet, December 31, 1930.

Exhibit No. 127—Beauharnois Power Corporation, Limited, and Subsidiary Companies. Analysis of Properties, Rights and Interests Accounts, December 31, 1930.

Exhibit No. 128—Beauharnois Power Corporation, Limited, and Subsidiary Companies. Consolidated Balance Sheet, May 31, 1931.

Beauharnois Power Corporation, Limited. Balance Sheet, May 31, 1931. Subsidiary Companies Balance Sheets, May 31, 1931.

Exhibit No. 129—Beauharnois Power Corporation, Limited, and Subsidiaries. Consolidated Balance Sheet, December 31, 1930.

Mr. King retired.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was recalled and further examined.

Mr. Cameron retired.

On motion of Mr. Gardiner,—

*Resolved.*—That the Auditors employed by the Committee shall be reimbursed as follows: Mr. A. F. King to receive \$35 per day, plus out of pocket

expenses; Mr. N. D. Mackay to receive \$25 per day, plus out of pocket expenses. The number of days that Messrs. King and Mackay have been employed shall be certified to by Mr. White, K.C., of counsel for the Committee.

The Committee adjourned at 1.30 p.m., to meet at the call of the Chair.

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TUESDAY, July 28, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 9.30 a.m. Hon. Mr. Gordon, the Chairman, presided.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

A Draft Report was submitted by the Chairman as a basis for a Report to be presented to the House of Commons.

The Draft Report was considered.

The Committee adjourned at 1.35 p.m. until 2.15 p.m.

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The Committee resumed at 2.15 p.m.

*Members present:* Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

On motion of Mr. Lennox,—

*Ordered, That,*

- (1) Counsel for the Committee;
- (2) The Secretary to Mr. White, K.C., of Counsel for the Committee; and
- (3) The Auditors employed by the Committee, be retained until the Committee's Final Report is disposed of by the House of Commons.

On motion of Sir Eugène Fiset,—

*Ordered, That* the accounts received from Dr. John F. Argue and Dr. F. W. McKinnon for \$100 each, as well as the account which may be submitted by Dr. Kidd, all in regard to the medical examination of Hon. Senator Haydon, made for the Committee, be paid.

The Committee resumed consideration of the Draft Report submitted by the Chairman.

It was unanimously agreed that the following be presented to the House of Commons as a Fourth Report, viz:—

*(See Fourth Report of the Committee on page vi.)*

A unanimous vote of thanks was tendered by the other Members to Hon. Mr. Gordon for the manner in which he discharged his duties as Chairman of the Committee.

The Committee adjourned *sine die*.





## MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 231,

TUESDAY, June 23, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2 o'clock, Hon. W. A. Gordon presiding.

Peter White, K.C., Louis Morin, K.C., for the Committee.

Mr. WHITE: I suppose, Mr. Chairman, the first thing to do will be to ascertain what counsel are present, and whom they represent?

The CHAIRMAN: Yes. Gentlemen, if you will let us know whom you represent we shall have it on record.

Mr. WHITE: I may say, perhaps, for the information of the members that Mr. Morin and I are appearing for the committee.

The CHAIRMAN: Mr. White and Mr. Morin are appearing on behalf of the committee and Mr. Gardiner. If the other counsel care to disclose themselves we shall put their names on record.

Mr. MONTGOMERY: Mr. N. W. Tilley, K.C. and Mr. L. A. Forsythe and myself, G. H. Montgomery, appear for the Beauharnois Company.

Mr. J. R. L. STARR: I appear for Senator McDougald.

Mr. MORAUD: I appear for the Royal Trust Company.

Mr. WHITE: As we are investigating the Beauharnois Light, Heat and Power Company, Mr. Chairman, from the standpoint of the action in respect thereto by the Governor in Council, I propose, if it meets the approval of the committee, to commence proceedings by filing the Order in Council itself, and all other Orders in Council affecting the project. With that in view I would ask to call Mr. Lemaire, the secretary of the Privy Council. There may be some little difficulty about retaining these documents, and possibly the committee will consider that either copies or photographs should be made for the use of the committee, and the original may be returned to the Executive Council Office.

E. J. LEMAIRE, a witness called and being duly sworn, testified as follows:—

*By Mr. White:*

Q. Mr. Lemaire, you are the Clerk of the Privy Council of Canada?—

A. Yes, sir.

Q. And as such have charge of those records?—A. Yes, sir.

Q. Will you produce for me, if you please, Order in Council No. 422 of 1929.—A. This is the original, sir (producing).

Q. The original Order in Council. This, gentlemen, is an Order in Council dated the 8th March, 1929, and to which are attached certain plans and drawings and data.—A. There are twelve plans, besides the plans which are attached to the order itself.

Q. There are plans referred to in the Order in Council in addition to the plans.—A. These twelve plans accompany these, but it was not possible to have them—

Q. Speak up, we have to get this down on the notes.—A. Pardon me.

Q. You have made a bundle of twelve plans?—A. Yes, sir.

Q. Which I understand you to say are the plans referred to in this Order in Council?—A. Yes, sir.

Q. In addition to which there are certain plans and data attached to the Order in Council itself?—A. Quite so.

Q. All of which were before the Executive Committee?—A. Yes, sir.

Q. At the time of the passing of the Order in Council?—A. Yes, sir.

This Order in Council will be Exhibit No. 1.

The CHAIRMAN: Yes.

Order in Council put in and marked Exhibit No. 1.

Mr. WHITE: I notice on the plans that you have put in, the twelve plans, there is the number 804-1. That, I take to be the file of the Department of Public Works.—A. Yes, sir.

Q. And there is, Mr. Chairman, the file of documents which will be produced, which has a corresponding number, which come from the Public Works Department. And there is also in red ink on the outside of this set of twelve plans, which will be Exhibit No. 2, the letters and figures and words, P.C. 422, 8th March, 1929?—A. Yes, sir.

Q. Is that your writing?—A. No, sir, not my writing it was done in my office.

Q. That identifies the plans?—A. Yes, sir.

Q. I suppose it is on each one of them?—A. I imagine so.

Q. Well, we will have to see. Is it twelve in one?—A. It looks like it, sir.

Q. The others are similar. They do not appear to be identified by any mark of your office, but bear the similar number of the Department of Public Works 804-1.—A. Yes; that identifies the whole bundle, on that one.

Q. It identifies the whole bundle?—A. Yes.

Mr. WHITE: Counsel for the company, Mr. Chairman, were good enough to say that they had a plan which would correspond to the larger plan here, and which we may have put up somewhere in this room.

The CHAIRMAN: We may put it up on this frame for reference.

Mr. WHITE: Do you intend to have that done, Mr. Montgomery?

Mr. MONTGOMERY: Yes, sir; we have them here.

The CHAIRMAN: Mr. Montgomery, is the plan in such a form that we can hang it up?

Mr. MONTGOMERY: I think so.

Mr. WHITE: That is the one that Mr. Christie and I agreed on this morning, Mr. Montgomery?

Mr. MONTGOMERY: Yes.

Mr. WHITE: Not the revised one, you understand?

Mr. LENNOX: It is the same as the original?

Mr. WHITE: I understand so.

Mr. MONTGOMERY: I do not know whether this long plan is the original—it is not the original.

Mr. WHITE: No. It is just for the purpose of reference. While the plan is being hung I might go on.

As I have intimated, Mr. Chairman, this order in council is dated 8th of March, 1929, and it bears "Privy Council No. 422," and there is a notation on it, "The Deputy Minister of Public Works plans, etc., 9th of March, 1929," and a notation on the front of it, "plan No. 1165"—Exhibit 2 bears that number

—and also the note, “See further P.C. 1081, 22.6.29; P.C. 1122, 27.6.29; P.C. 1244, 19.7.29; and there are three further orders in council passed either supplementary to their carrying out the terms mentioned in this order in council—

Mr. LENNOX: Can you give me the numbers again?

Mr. WHITE: P.C. 1081, 22.6.29; P.C. 1122, 27.6.29; P.C. 1244, 19.7.29. There are certain other ones that will have to be referred to, but not directly.

Sir EUGENE Fiset: You mentioned three of them.

Mr. WHITE: Yes. Four altogether.

If you would like to follow the original, Mr. Chairman, I have a copy here which I can use. This Order in Council is as follows—I am only reading those parts which occur to me as important, and as we go over it, if other counsel desire me to read any parts which I am leaving out, I shall be very glad to do so.

The Committee of the Privy Council have had before them a Report, dated 8th March, 1929, from the Minister of Public Works, submitting:  
That the Beauharnois Light, Heat and Power Company—

And it is important to make the distinction at the outset between the Beauharnois Light, Heat and Power Company, and the Beauharnois Company.

—was incorporated by chapter 72 of the Statutes of Quebec, 1902, amended by chapter 77 of the Statutes of Quebec, 1910, and further amended by chapter 113 of the Statutes of the same Province of 1928.

If anything turns on the construction of those statutes I understand that counsel for the company have, in pamphlet form, a consolidation of the three Acts, which may be convenient for any of the members, and I understand they are available.

That section 11 (a) of the amending statutes of 1928 reads as follows:—

The Company may build a new canal or feeder from any point on the feeder mentioned in section 9 of this act (or on Lake St. Francis within two miles in a southwesterly direction along the shore from the mouth of such feeder) to any point on (Lake St. Louis, at or within one mile and a half in a westerly direction along the shore of Lake St. Louis from the junction of the St. Louis river with Lake St. Louis, the distances above mentioned to be measured in both cases from the centre line of the new canal), and for that purpose, and for the purpose of enlarging the existing feeder, may expropriate such lands as may be necessary, not exceeding in all six arpents in width. It may, if found advisable, use any part of the bed of the St. Louis river for such canal or feeder, subject to first providing a new bed for the said river, and it may acquire by expropriation the land necessary to that end.

The powers of expropriation hereby granted shall be exercised, only subject to the provisions of (sections 21 to 25, inclusive, of chapter 46 of the Revised Statutes, 1925).

That, perhaps, is not important. Then, it provides that the company shall not enter into—

The CHAIRMAN: Pardon me, have you any copies of these statutes?

Mr. MONTGOMERY: Yes, I have.

Mr. TILLEY: You may have my copy.

Mr. MONTGOMERY: We shall have spare copies for members of the committee at the next sitting.



Mr. WHITE:

The company shall not enter into possession of any property of the Crown, for the purpose of exercising any power conferred by this act or otherwise, without first having obtained the right so to do from the Lieutenant-Governor in Council. Nothing in the present act shall be construed as authorizing the company to violate rights now held by any other person or company for the operation of plants producing electrical energy.

Then the report of the Minister provides, that the Company, under date of June 23, 1928, was granted an emphyteutic lease by the Provincial Government of Quebec of 'The rights of the Province of Quebec to such part of the hydraulic powers,'—

that becomes of some importance. It is important to know what was leased or just whatever right or rights the province of Quebec had.

Mr. LENNOX: What is meant by emphyteutic?

Mr. WHITE: It gives you the absolute ownership—I am going to look at it in the dictionary and get the derivation of it.

Mr. LENNOX: It is something—

Mr. WHITE: It is an animal we do not know in Ontario. It means a lease which gives the lessee the practical ownership of the land for a limited period subject to such terms as the Minister may impose. Is that about right Mr. Montgomery?

Sir EUGENE Fiset: From the Federal point of view, it was conferred by Order in Council.

Mr. WHITE: Depending upon one of several constructions. I do not think that could be stated categorically without completely understanding what the location of the particular territory covered by the lease is.

The rights of the Province of Quebec to such part of the hydraulic powers of the St. Lawrence River that can be developed between Lake St. Francis and Lake St. Louis, through a derivation canal on the right (southern) shore, having a maximum flowing capacity of 40,000 cubic feet per second, the Province reserving the ownership and the free disposition of the surplus.

Before we are through there probably may be very considerable discussion as to not only the meaning of this grant or lease, but as to the respective rights of the province and the Dominion in respect thereto.

Hon. LUCIEN CANNON: Mr. Chairman, I arrived late. I appear for the province of Quebec.

Mr. WHITE: It has just occurred to me, Mr. Chairman, that there is not very much object in having Mr. Lemaire wait here while these are being read. I might put all the Orders in Council in and let him go.

The CHAIRMAN: After all, the Order in Council could be put in now. There is the question of these original documents, gentlemen. I do not think they should be kept out of the place where they are usually kept and we should arrange to have them, or such parts of them photographed. That can be done here.

The WITNESS: I take it that it is not possible for me to leave those documents here. I brought them here to establish the fact that I have got them. They are at the disposal of the committee at any time they are desired and if they can be photographed I shall be glad to co-operate with you to any extent.

The CHAIRMAN: Being the custodian of those documents, charged with the responsibility of them, I am afraid you will have to stay here until we are through with them.

The WITNESS: Well, Mr. Chairman, I will be glad to do that.

Mr. LENNOX: Not just during this afternoon but during the whole of the investigation.

Mr. WHITE: There are copies of the reports, I think sufficient for the members of the committee. What I would like to have photographed are the plans and that material attached to the orders in council which are not part of the copies supplied.

The CHAIRMAN: That can be arranged for right away.

The WITNESS: I am quite sure there are copies. We got them from the Department of Public Works and we got more than one set.

Mr. WHITE: Mr. Hunter, is it a fact that your department has copies of these particular things.

Mr. HUNTER: Yes, we have copies of all those.

Mr. WHITE: I suggest, Mr. Chairman, making a comparison of these plans with the ones that are in the Public Works Department, getting their plans and using them here, and then if these plans are required by the members of the committee they can then be photographed and distributed.

Mr. MONTGOMERY: I understand, Mr. Hunter, you have the linen tracings from which blueprints have been taken.

Mr. HUNTER: I am not sure of that.

Mr. MONTGOMERY: My instructions are that you have the linen plans from which blueprints can easily be struck.

Mr. WHITE: If we could have the linen tracings here that would be better.

*By Mr. White:*

Q. Then, Mr. Lemaire, have you order in council 1081.—A. Yes.

(Order in Council marked Exhibit No. 3.)

*By Mr. White:*

Q. This is the original order in council P.C. 1081 dated 22nd June, 1929, and it is the order in council approving of the form of agreement referring to the construction of the works at Beauharnois.—A. Yes, sir.

Mr. WHITE: The order in council itself is very short, and again, without interrupting the thread of this thing, it might perhaps be read and Mr. Lemaire can take that one back, Mr. Lemaire points out to me, Mr. Chairman, that under the Canada Evidence Act a document printed by the King's Printer is prima facie evidence and he hands me No. 32 of the Votes and Proceedings of the House of Commons of Friday the 8th March, 1929, which contains a printed copy of the documents. That is order in council 422, so that might be filed as 1-A.

#### P.C. 1081.

The Committee of the Privy Council have had before them a report, dated 17th June, 1929, from the Minister of Public Works, submitting as follows:—

That an Order in Council (P.C. 422) was passed on March 8, 1929, granting the application of the Beauharnois Light, Heat and Power Company, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for the approval of the plans and site of works proposed to be constructed with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned, the said approval, however, being granted subject to certain conditions, and to

such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder, and to take effect only after an agreement incorporating the conditions of approval and satisfactory to the Minister of Public Works has been executed by the Beauharnois Light, Heat and Power Company, and His Majesty the King as represented by the said Minister;

That the agreement referred to, incorporating the conditions of approval, has been submitted to the Minister of Public Works, and is satisfactory to him, clauses 3, 7, 10, 24 and 26 having been extended so as to clarify their meaning and remove any possibility of doubt as to the intention thereof.

The Minister, therefore, recommends that the agreement between the Beauharnois Light, Heat and Power Company and His Majesty the King, required pursuant to the approval granted by Order in Council (P.C. 422) of March 8, 1929, be approved in the form attached, and that the Minister of Public Works be authorized to execute it.

The Committee concur in the foregoing recommendation and submit the same for approval.

W. L. MACKENZIE KING

Approved:

WILLINGDON.

22. VI. 29.

Then attached to that is a copy of the memorandum of agreement between the Beauharnois Light, Heat and Power Company and His Majesty, the agreement referred to in the body of the order in council and I do not think that at this stage I need trouble you with the reading of it because it is a bit complicated and perhaps it will come in order better at a later stage.

*By Mr. White:*

Q. Then the next one, Mr. Lemaire.—A. The next one, sir, will be P.C. 1122.

Q. You now produce original Order in Council, P.C. 1122 dated June 27, 1929.—A. Yes, sir.

Mr. WHITE: This Order in Council, gentlemen, approves of an agreement between the Dominion of Canada and the provincial government of Quebec. The Order in Council is very short. I can read it.

The CHAIRMAN: Is a copy of the agreement attached, Mr. White?

Mr. WHITE: Yes.

#### "P.C. 1122

The Committee of the Privy Council have had before them a report, dated June 20, 1929, from the Minister of Public Works, submitting as follows:—

That an Order in Council (P.C. 422) was passed on March 8, 1929, granting the application of the Beauharnois Light, Heat and Power Company, under section 7, chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for the approval of the plans and site of works proposed to be constructed with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said company along the St. Lawrence river between the two lakes mentioned, the said approval, however, being granted subject to certain conditions;



That condition No. 24 provides that the company before commencing the construction of any part of the approved works, shall procure the execution by the Province of Quebec of an agreement with and to the satisfaction of the Dominion Government;

That the agreement referred to has been submitted to the Minister of Public Works and is satisfactory to him.

The Minister, therefore, recommends that the agreement between the Dominion Government and the Provincial Government of Quebec, required pursuant to condition No. 24 of the Order in Council (P.C. 422) of March 8, 1929, above mentioned, be approved, and that the Minister of Public Works be authorized to execute it.

The Committee concur in the foregoing recommendation and submit the same for approval.

“ W. L. MACKENZIE KING

“ Approved

“ WILLINGDON

“ 27-6-29

“ P.C. 1122A

“ MEMORANDUM OF AGREEMENT made the day  
of 1929.

“ BETWEEN:

HIS MAJESTY THE KING, in the right of the Dominion of Canada, represented by the Minister of Public Works of the Dominion and hereinafter referred to as the Dominion

*Of the First Part*

AND

HIS MAJESTY THE KING, in the right of the Province of Quebec, represented by the Minister of Lands and Forests of Quebec hereinafter referred to as the Province.

*Of the Second Part*

Whereas by order of the Governor in Council dated the 8th day of March, 1929, approval under the Navigable Waters Protection Act was granted to the Beauharnois Light, Heat and Power Company, of certain projected works mentioned therein.

And whereas such approval was granted subject to conditions to be agreed on by the company.

And whereas one of the said conditions was that the Company should, before commencing construction of any part of the approved works, procure the execution by the Province of an agreement with and to the satisfaction of the Dominion respecting the maintenance by the Province of the said works in the event of same becoming the property of the Province in a completed state.

And whereas it was a further condition of such approval that upon termination of a certain emphyteutic lease dated the 23rd day of June, 1928, granted by the Province to the Company, or upon termination of the

rights granted thereunder, or in case the approved works or any part thereof should become the property of the Province while in an uncompleted state, the approval should cease and determine.

And whereas the Province has agreed accordingly. Now therefore in consideration of the premises, this Indenture witnesseth as follows:

1. The Province hereby undertakes and agrees that should the works approved by the aforesaid Order in Council of the 8th day of March, 1929, (P.C. 422) or a part thereof in a completed state become the property of the Province, in any manner other than by assignment or by termination of the emphyteutic lease of the 23rd day of June, 1928, or of the rights granted thereunder, the Province will either transfer the same to the Dominion or will maintain the same or cause the same to be maintained in a proper state of repair and in such manner that the facilities of navigation upon and through the canal (which is part of the approved works) shall not be less than when the same works or any part thereof so became the property of the Province, and the Province will do nothing whatever to interfere with or affect navigation upon or through the said canal or the use of such facilities therefor: Provided that should the Province in such case not operate or should the Province thereafter cease to operate the said works for the production of hydro electric energy or other power, it shall not be liable to maintain and repair any part of the said works, but will permit the Dominion to have complete access to any lands, works or property of any kind whatsoever in the possession or control of the Province, for the purpose of maintaining the said works or any part thereof in a proper state of repair.

2. The aforesaid undertaking of the province is given upon the understanding that upon the termination of the emphyteutic lease of the 23rd day of June, 1928, or the rights granted thereunder, or in case the approved works or any part thereof should become the property of the province while in an uncompleted state, the approval of the said works by the Governor in Council shall cease and determine.

3. The Dominion hereby acknowledges and declares that the present indenture is an agreement with and to the satisfaction of the Dominion, the execution whereof is required by the provisions of Clause No. 24 of the agreement between the Dominion and the Beauharnois Light, Heat and Power Co. of the                      day of                      1929.

In witness whereof the Parties hereto have executed these presents by the hands of their aforesaid duly authorized representatives on the date hereinabove firstly written.

(Order in Council No. P.C. 1122 marked Exhibit No. 4.)

*By Mr. White:*

Q. Then you produce Order in Council P.C. 1244, 19th July, 1929, approval form of agreement for conveyance of lands, for Site of Works. (Plan No. 1202), three plans, and you produce the three plans referred to which are numbered in red ink on an envelope on the side "plan number 1202" and also P.C. 1244 of 19th July, 1929, Beauharnois Light, Heat & Power Company for canal.—  
A. Yes.

(P.C. 1244 is marked Exhibit No. 5.)

Mr. WHITE: This Order in Council is somewhat longer.

Mr. LENNOX: I thought you said it was an agreement for site of works.

Mr. WHITE: No, approval of agreement for conveyance of lands for certain purposes. And this agreement, however, becomes of some importance in one respect which I shall mention in a moment:—

P.C. 1244. The Committee of the privy council have had before them a report, dated 22nd June, 1929, from the Minister of Public Works submitting as follows:—

That an order in council (P.C. 422) was passed on March 8th, 1929, granting the application of the Beauharnois Light, Heat and Power Company, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for the approval of the plans and site of works proposed to be constructed with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned,

May I ask the members of the committee, if possible, to retain that phrase in their memory, “for the approval of the plans and site of works.”

the said approval, however, being granted subject to certain conditions, and to take effect only after an agreement incorporating the conditions of approval and satisfactory to the Minister of Public Works has been executed by the Beauharnois Light, Heat and Power Company and His Majesty the King as represented by the said Minister;

That by Order in Council (P.C. 1081) passed on June 22, 1929, the form of agreement to be entered into between His Majesty the King and the Company was approved;

The CHAIRMAN: Is that the agreement referred to in P.C. 1081.

Mr. WHITE: No, it is a different agreement. 1081 only applied to a certain condition. This Order in Council refers to something else of another kind. It does not deal with the same subject as 1081 does:—

That conditions Nos. 7 and 9 of the Order in Council (P.C. 422) and section 7 and 9 of the form of agreement provide for the conveyance by the company to His Majesty of the title of certain lands sufficient for the site of the locks and appurtenant works which may subsequently be constructed by the government, and, further, for the granting by the company to His Majesty of sites for aids to navigation and for public wharves.

And the committee will hear later, from the files in the Public Works Department, as to what the condition was with respect to the granting of sites for wharves and for aids to navigation.

That the company and the government have agreed upon the location and extent of the lands to be conveyed for the purposes mentioned and a form of agreement satisfactory to the Minister has been drafted describing such lands.

The Minister, therefore, recommends that the agreement between the Dominion Government and the Beauharnois Light, Heat and Power Company, pursuant to conditions Nos. 7 and 9 of the Order in Council (P.C. 422) of March 8, 1929, and sections 7 and 9 of the form of agreement approved by Order in Council (P.C. 1081) dated June 22, 1929, be approved, in the form attached, and that he be authorized to execute it.

The committee concur in the foregoing recommendation and submit the same for approval.

The CHAIRMAN: The agreement referred to in P.C. 1081 is the agreement governing the construction of the work.



Mr. WHITE: No.

The CHAIRMAN: P.C. 1081 then is the Order in Council approving the agreement that has to do with the construction of the works.

Mr. WHITE: Yes.

The CHAIRMAN: A moment ago when you turned to Exhibit 5 which you are now reading from I thought it referred to the agreement that was approved by Exhibit No. 3.

Mr. WHITE: It recites Order in Council 1081 in this way:—

That by order in council (P.C. 1081) passed on June 22, 1929, the form of agreement to be entered into between His Majesty the King and the Company was approved.

And that is all it says here, and it refers back to the original Order in Council 422 for conditions 7 and 9 and sections 7 and 9 of this agreement.

The CHAIRMAN: Those are the sections of 422 that have reference to the navigation, construction of locks and the appurtenant works of the company's agreement. It reads, "to His Majesty of sites for aids to navigation. . ." and so on.

Mr. WHITE: Yes. Then this agreement recites orders in council 422 and 1081. And then the further recital:—

Whereas conditions Nos. (7) and (9) of the said order in council No. P.C. 422 and sections 7 and 9 of the said form of agreement provide for the conveyance by the company to His Majesty of the title to the necessary lands sufficient for the site of the locks and appurtenant works referred to in said condition No. (7) and in said section 7, and for the granting by the company to His Majesty of sites for aids to navigation and for public wharves; and

Whereas the parties hereto have agreed upon the location and extent of the lands to be conveyed to His Majesty by the Company as provided in said condition No. (7) and in said section 7, and of the sites for aids to navigation and for public wharves to be granted to His Majesty as provided in said condition No. (9) and in said section 9, subject to the conditions and provisions hereinafter set out.

Now therefore this agreement witnesseth that in consideration of the premises and of this agreement;

1. The lands which the company shall be obliged, pursuant to the aforesaid condition No. (7) and to the aforesaid section 7, to acquire and convey to His Majesty for the site of locks and appurtenant works, shall be those lands indicated for such purpose on the plan hereto annexed marked "A" and described in schedule "A" hereto annexed, but nothing herein or in the aforesaid order in council (P.C. 422) or in the aforesaid agreement contained shall have the effect of obliging the company to acquire or convey any lands forming part of railway rights-of-way or provincial or municipal highways, but in the event of such rights-of-way or highways or any of them becoming the property of the company, it shall be obliged to convey the same to His Majesty.

2. The lands which the Company shall be obliged, pursuant to the aforesaid condition No. (9) and section 9 to acquire and convey to His Majesty for the sites of public wharves, shall be those lands indicated for such purpose on the plan hereto annexed marked "B" and described in schedule "B" hereto annexed.

I think that is all of this agreement that becomes pertinent except that clause 4 says:—

The lands which the company is obliged by this agreement to convey shall be so conveyed from time to time as required by the Minister of Public Works for the respective purposes for which they are intended

without charge to His Majesty and by title satisfactory to the Minister and free of encumbrances. If, in any case, the company fails for six months to convey any lands required by the Minister, the Minister may expropriate such lands and the company shall have no claim to compensation, and, moreover, the company agrees to indemnify His Majesty and save him harmless against any claim arising out of any such expropriation whether for compensation or damages.

5. This agreement shall be read with and as supplementary to the agreement of the 25th day of June, 1929, hereinbefore mentioned.

Then follows a description of certain lands, which is technical, and I do not think you need bother with it. Later on there may be something of a kind which I may have to trouble the committee with; but I think not at the present time. It is important, however, to look at the plan, and the plan will be marked Exhibit No. 6.

(Three plans marked Exhibit No. 6.)

Mr. WHITE: The plan No. A-1 of Exhibit No. 6, shows a parcel of land which is conveyed for the purpose of the lock at the foot of the channel or at the outflow to Lake St. Louis, and there is nothing I think I need call your attention to with respect to that.

The one marked A-2, there is nothing special about it either.

The one marked B, I would like you to look at. It shows the new canal to be built from Lake St. Francis on what is called Hungry Bay. It shows the canal from Hungry Bay from Lake St. Louis and contains, in red, certain parcels of land on the sides of the channel, or canal which are to be conveyed for the purposes of wharves and other aids to navigation, including some parcels of land immediately at the entrance to the canal at the upper end. And it is important to note that these particular locations, as I say, are on either side of the whole channel. The significance of that will appear later. The channel, I just wanted to point out, at the time of this approval under the plans filed, from bank to bank had a width of 3,300 feet approximately; it may be 3,308. And then there will be some discussion later about the railway bridges across the canal and it is important to note that they are put on here. I think the Canadian National bridge shows across the canal as indicated here, and then the New York Central as indicated here.

Sir EUGENE Fiset: And there are five bridges.

Mr. WHITE: Those are railway bridges. In addition to that there are other highway bridges. But that is a question of engineering, as to whether they shall be put together or maintained separately. There are three railway crossings, two New York Central at St. Louis and at Beauharnois and north of Valleyfield. The plan is drawn to scale. The width of the canal is not indicated in figures.

Mr. MONTGOMERY: It is either 3,300 or 4,000.

Mr. WHITE: That matter will develop in its proper time. If my learned friends concur, it will only be necessary to photograph that plan B of Exhibit 6.

Mr. MONTGOMERY: Personally I have not looked at them yet.

The CHAIRMAN: Of those three plans is B the general plan?

Mr. WHITE: It is the general plan. It will be convenient to have in your mind that that plan will show the general information with regard to the work. We will have another plan altogether which will do that.

*By Mr. White:*

Q. Now, Mr. Lemaire, are there other Orders in Council than the ones you have produced referring to the Beauharnois project?—A. Yes, sir.

Q. What others?—A. Three Orders in Council were passed on the 6th November, 1929, providing for the transfer of the leases from the Montreal Cotton Company to the Beauharnois Light, Heat and Power Company.

Q. Let me see them, please.

Mr. STEWART: All those are referred to in the original P.C. 422.

Mr. WHITE: The recital in it is this:—

Whereas the company on or about the                      day of                      , 1928, made application under the Navigable Waters Protection Act for the approval of certain works in the St. Lawrence River involving the diversion from Lake St. Francis to Lake St. Louis of forty thousand cubic feet of water per second for the purposes of a proposed power development, the whole as shown on the documents attached to an Order in Council dated the 8th March, 1929 (P.C. 422).

And whereas on the twenty-third June, 1928, the Company was granted an emphyteutic lease by the provincial government of Quebec, the main provisions of which are mentioned or referred to in the said Order in Council P.C. 422.

And whereas having in view the circumstances recited in the said Order in Council, approval is thereby granted of the said works, under the said Act, subject to the terms, conditions, additions, improvements, alterations, changes, substitutions, modifications and removals in the said Order in Council mentioned or referred to.

And whereas it is provided by the said Order in Council that the said approval shall take effect only after an agreement incorporating the conditions enumerated therein and satisfactory to the Minister of Public Works of Canada has been executed between the Company and His Majesty.

And whereas the agreement herein contained is satisfactory to the said Minister.

Now therefore this agreement witnesseth.

It is the general construction without reference to any particular paragraph of the original order in council.

*By Mr. White:*

Q. You produce now three Orders in Council.—A. On the 6th of November, 1929, three Orders in Council were passed, P.C. 2201, 2202 and 2203, sub-letting to the Beauharnois Light, Heat and Power Company leases originally granted to the Montreal Cotton Company and these orders referred to previous Orders in Council. I have got the previous Orders in Council.

Q. Then take P.C. 2201 first, 6th November, 1929, which will be Exhibit No. 7, that Order in Council has this:—

The committee of the privy council have had before them a report, dated 29th October, 1929, from the Minister of Railways and Canals, representing that, under authority of an Order in Council of the 9th of August, 1900, as amended by an Order in Council of the 24th of September, 1901, a lease (No. 14332), dated the 30th of October, 1901, was granted to the Montreal Cotton Company of two certain parcels of Beauharnois Canal reserve land, in the town of Salaberry de Valleyfield, P.Q.; one, 5.49 acres in extent, being composed of Lot No. 755 and part of Lot No. 829 of the official plan of the said town of Salaberry de Valleyfield, and the other, 34,300 square feet in extent, being part of Lot No. 853 of the said official plan, together with the right and privilege to draw from Lake St. Francis, above the Lower Dam, water to a total extent not exceeding 2,500 horse power, to be used and applied by the lessee for general manufacturing purposes. The lease was granted for



a term of 21 years from the 1st of March, 1901, at the yearly rental of \$1,433; renewable, on the same terms and conditions, except as to rental, in 21 year terms forever.

I should have mentioned perhaps before proceeding to read this Order in Council, that in the old canal at Valleyfield the Dominion government had a dam which, I think, was erected there before confederation. That dam created a certain amount of water power and was leased to the Montreal Cotton Company by the Dominion.

Mr. LENNOX: How are we interested in that.

Mr. WHITE: Because the Dominion approved of the transfer of that lease from the Montreal Cotton Company to the Beauharnois Company involving in this particular instance withdrawal of 2,500 cubic second feet in addition to the 40,000 authorized by P.C. 422 of water from Lake St. Francis and consequently from St. Lawrence River between the two lakes. This is 2,500. The total amount involved in these three is, I understand, 13,000 odd horse power. So that as the matter stands, when we have completed examining these Orders in Council the amount which the company claimed to be authorized to withdraw under 422 and under those three Orders in Council was 53,000 cubic second feet instead of 40,000 in the original order.

That the first term of the said lease expired on the 28th of February, 1922, and under authority of an Order in Council of the 23rd of October, 1929, P.C. 2145, an agreement (No. 14332 A), dated the 24th of October, 1929, has been entered into with The Montreal Cotton Company, renewing the lease for a second term of 21 years, as from the 1st March, 1922, at a rental of \$8,175 a year, which consists of the sum of \$675 for the land, and \$7,500 for the water, which latter amount is at the rate of \$3 per horse-power for 2,500 horse-power.

That the Montreal Cotton Company, hereinafter referred to as the Cotton Company, and the Beauharnois Light, Heat & Power Company, hereinafter referred to as the Power Company, have executed an agreement, dated the 26th of October, 1929, hereinafter referred to as the sub-lease, by which the Cotton Company has sublet to the Power Company the land (subject to certain reservations therefrom), together with the water power rights, covered by the said lease No. 14332, as renewed, under which agreement the Power Company covenants to pay rentals and perform all obligations under the said lease No. 14332, and a joint application has been received from the two companies for the consent and approval of the Crown to such sub-lease, to be given in such form and subject to such provisions regarding indemnification of the Crown and to such other conditions as may be considered necessary. This application contains statements to the following effect:—

The head at which the Cotton Company can use the water covered by lease No. 14332 at the canal works now provided is limited to about 10 feet. The same water could easily be used through the Power Company's proposed power plant at the full available head between the two lakes—a head, that is to say, of about 80 feet.

It is apparent that the sound economic solution of this situation would be to use this water in the Power Company's power plant to make available a much greater quantity of power, and then, after meeting the Cotton Company's power needs therefrom, to distribute the rest for other industrial purposes throughout the district. To this end the Cotton Company and the Power Company has sub-executed an agreement by which the Cotton Company has sublet to the

Power Company its water position under lease No. 14332, with the intention that the water be used as above explained, all subject to the consent of the Crown.

The Sub-Lease, above mentioned, expressly provides that, subject to the consent of the Dominion, it is the intention of the parties that the use of the water covered by the Cotton Company's lease instead of being exercised at the Cotton Company's plants at Valleyfield as at present, may be exercised by the Power Company, for the purpose of generating power for distribution and sale, through its proposed Power Canal Works and plants to be constructed in the County of Beauharnois between Lake St. Francis and Lake St. Louis.

The Minister, on the advice of the Chief Engineer of the Department, concurred in by the Deputy Minister, recommends that authority be given for entry into an agreement with the Montreal Cotton Company, of the first part; Beauharnois Light Heat and Power Company, of the second part; and His Majesty the King, represented therein by the Minister of Railways and Canals of Canada, of the third part, giving consent to an approving of the terms of the above mentioned Sub-Lease from the Cotton Company to the Power Company, in so far only as such terms are within the provisions of the said lease No. 14332, as renewed, and upon the distinct understanding that by such consent and approval His Majesty shall not be deemed to have waived compliance and observance on the part of the Cotton Company, its successors and assigns, of any of the covenants, provisoes, conditions and reservations in said lease No. 14332, as renewed, to be complied with, observed and performed . . . and so on.

Mr. JACOBS: That agreement with the Cotton Company was renewable from time to time, was it?

Mr. WHITE: It was recommended that authority be given for entering into an agreement with the Montreal Cotton Company—at least that is what is recited here.

Mr. JACOBS: That is the old Beauharnois Canal.

Mr. WHITE: The old canal—I assume it is—I have no personal knowledge of it, I am told that.

Mr. JACOBS: It takes its place upon the north side of the river.

Mr. WHITE: I believe so.

The CHAIRMAN: The lease of the Montreal Cotton Company was a lease from the Crown, and the representatives of the Dominion—

Mr. WHITE: Yes.

The CHAIRMAN: I presume the Beauharnois Company gathered that one, and probably there will follow some others, in order to complete their control over the whole system from Lake St. Francis down to Lake St. Louis.

Mr. WHITE: I rather gather, Mr. Chairman, that there was not a question of control so much as the obtaining of the right, if such it is, to withdraw an additional amount from Lake St. Francis, an additional number of cubic second feet of water.

The CHAIRMAN: Perhaps I should not interject at this time, but if you are seized of the fact, when the present works are completed, these power dams, like the one of the Montreal Cotton Company, will disappear, as I understand it.

Mr. WHITE: Oh, yes. In fact, the agreement provides that. Then, Order in Council 2202, Exhibit 8, is dated the same day as the last one and refers to another sub-lease of the Montreal Cotton Company and the file, attached to



the order in council—rather the original Order in Council granting to the Montreal Cotton Company certain leases for 21 years, renewable forever, at an annual rental of \$600. It was given by the Dominion, Lord Aberdeen on December 28, 1894. There is also attached a memorandum between Her Majesty Queen Victoria, dated 1894, and the Montreal Cotton Company reciting a lease of December 21, 1861, from Her Majesty represented by the Hon. Joseph Cauchon, acting in his capacity as Commissioner of Public Works of the Province of Canada, and Mr. Pierre Poulin, residing in the parish of Ste. Cecile in the County and District of Beauharnois, Canada East, Miller, Lessee, of the second part, Her Majesty, represented by the said Commissioner, did grant, demise and lease unto the said Pierre Poulin, his heirs, executors, administrators and assigns ALL THAT certain lot of ground being part of the property belonging to one of the Public Works of the said Province, commonly called the Beauharnois Canal, and containing by admeasurement one hundred and seven thousand four hundred square feet, English measure, be the same more or less, and otherwise known and described as follows: There follows a minute description of the parcel of land. This is the important part, in so far as this inquiry is concerned. "Together with the use and enjoyment of so much of the surplus water drawn from above the dam situated at the head of the said Beauharnois Canal as shall be sufficient to drive and propel by means of the most improved descriptions of wheel twelve runs of ordinary mill stones, equal to a power of six runs of stones for each hydraulic lot, each run of stones being rated as a power of ten forces or any other description of machinery requiring an equal, but not greater amount of power to be applied and used by the said Lessee, his Heirs, Executors, Administrators or Assigns for the working of a grist mill or of such other mill or machinery as might be approved of by the said party thereto of the first part."

Mr. MACKENZIE: These rights, first of all, were given to Beauharnois by the province of Canada?

Mr. WHITE: Yes.

Mr. MACKENZIE: And then renewed by the Dominion of Canada in 1894?

Mr. WHITE: Yes. Then, there is attached to it a general form of lease dated 15th day of December, 1890, as approved, general terms and conditions for the leasing of water powers, which have been adopted by the department as a general clause.

The CHAIRMAN: Are there any reservations in the original lease, to which you have just referred, on behalf of the Crown, that would give it any rights as to cancellation or taking over of the water power in the event of the Crown requiring it?

Mr. WHITE: This document, I should have said, recites several leases. I was not quite correct when I said 1894. It was renewed several times. I will just look at the conditions. This lease is from the 1st of July, 1894, at a yearly rental of \$600 payable in half yearly instalments. There is a provision for renewal.

It is hereby expressly agreed by and between the said parties to these presents that on the expiration of the said term of twenty-one years from the first day of July A.D. 1894, the period for which the said lease is granted, and provided all the covenants herein contained on the part of the lessees are duly kept and performed Her Majesty, her successors or assigns, shall at the request of the lessees, execute a renewal lease of the said lots of ground and flow of surplus water and other premises hereinbefore demised to the said lessees, their successors or assigns for the further term of twenty-one years at the same rent, and with and subject to the reservations expressed in the twenty-fourth



article of the general terms and conditions hereto attached including this agreement for renewal, as are herein expressed and contained, and the said lease shall be renewable forever at the expiration of every twenty-one years at the same rent and with and subject to the same reservations as expressed in said article twenty-four, including this agreement for renewal as herein expressed and contained, and every such renewal shall be deemed a continuation of this present demise.

It is to be distinctly understood that the Crown does not bind itself to maintain or keep in repair at all times to come or to reconstruct the Government Dam at Valleyfield or the Beauharnois Canal and the works connected therewith; and that in the event of said Dam and Canal being hereafter abandoned at any time, the Lessees shall have no claim for compensation whatever, but will then be allowed to have, hold and maintain the said Dam at their own risks and expense without compensation.

The said Lessees shall bear the expense that may be incurred in building—

The CHAIRMAN: The picture, apparently completely changed.

Mr. WHITE: There is a sting in the tail of it.

—the Head-race necessary to convey the said surplus water from Lake Saint Francis required for the working of the said Textile mills, from deep water in Lake Saint Francis above the Dam to the line of the property hereby leased and through the same; and may purchase from the Lessees or owners of lot number One the additional ground required to make the Head-race one hundred and fifty feet wide throughout; and shall build the same in the manner, direction and place, and according to plans first approved of by the said Minister or his successors in office, and to his or their satisfaction.

That the quantity and extent of the water to be used at any time shall be subject to the approval of the said Minister of Railways and Canals or his successors in office.

I do not suppose it could be reduced to one quart.

Now, section 24 of the printed conditions, article 24, is as follows: —there is an amendment in writing.

As to leases granted under the present provisions, the Lessor shall also have and hereby reserves the right to modify any of such provisions in any subsequent lease granting a renewal thereof, (1) excepting the provisions relating to the amount of the rent to be paid, which is to remain the same—" from the word "excepting" to the word "same" is in writing on the margin. "But without affecting, however, the mutual rights and obligations of the parties thereto in respect of the amount of water power leased and of the right of the Lessee to use the same for the purposes originally contemplated. Provided, also, that the Lessee shall not be entitled to any such renewal lease or further term of the land, water power or premises, as provided in Article 18 of these presents, unless the rents reserved in the then existing lease have been punctually paid and all the conditions therein set forth to be fulfilled by the Lessee have been duly fulfilled.

Article 18 is: "The annual rental shall be payable invariably in advance, in half yearly instalments, to become due on the 1st day of January and the first day of July in each year, and in case the Lessee do not make such payment of rent within three months after the same has become due and payable, whether such rent has been demanded or

not, the lessor shall have the right (without waiver or prejudice to any rights and remedies he may legally have for the recovery of such rental) to enter on the premises of the lessee and to shut and cut off the supply of water, and to keep the same so shut off until payment of the arrears of rent, with interest thereon, has been made; and if at any time the rent, or any part thereof, remain due and unpaid for the term of twelve calendar months after the same has become due, the lessor, without protest, process or suit at law, shall have the right to terminate the lease; and all right of the lessee to draw or use water under the same shall be terminated, and should the lessee fail to remove his buildings and property at the expiration of such term of twelve calendar months, the lessor may cause the same to be removed at the risk and cost of the lessee, without any compensation whatsoever; and the lessor shall be at liberty to re-let the mill site and water power, as if the same had not been leased.

Mr. MACKENZIE: In your opinion could this last clause come within the question of jurisdiction as between the province and the Dominion, with regard to power?

Mr. WHITE: No, I think not, not as between the province and the dominion, no. The view which I take, of course, is only my individual view. Then, there is the further order in council, number P.C. 1566, dated July 8th, 1915.

The CHAIRMAN: It is attached to Exhibit No. 8?

Mr. WHITE: Yes, dated July 8th, 1915, and it recites the report of June 30th, 1915, to the Minister of Railways and Canals,

representing that, under date the 8th January, 1895, a lease was granted to the Montreal Cotton Company of Beauharnois Canal reserve lands on Grande Ile, together with surplus water. This lease was in consolidation and supercession of certain leases of lands and water power previously enjoyed by the company which previous leases they thereby surrendered. The new lease, for a period of twenty-one years, dated from the 1st July, 1894; the annual rental was fixed at \$600, payable half-yearly, not in advance; it was renewable forever "at the request of the Lessees," in like terms of twenty-one years at the same rental; such renewals, however, are subject to conditions expressed in Articles 23 and 24 of the general terms and conditions in respect of the leasing of water powers approved by the order in council of the 18th December, 1890, attached to and forming part of the said lease. These Articles read as follows:—

Article 23—Before granting a renewal of lease to any party, under the provisions herein contained, the lessor shall have and hereby reserves the right to alter, modify, enlarge or expunge any of the said provisions, or any part thereof, or to substitute other terms or conditions for the same, whenever any such modifications, additions, substitutions or changes may, in his opinion, be expedient.

And, then, Article 24, which I read a moment ago. Continuing:—

That the lands covered by the said lease comprised 9 acres, 3 roods, 29 perches and 105 feet; also a certain irregular lot in the Town of Valleyfield on the Grande Ile, 2 acres, 3 roods; also a strip along the shore of Valleyfield Bay, including a drain; also a drainage reserve system, together with the mills and buildings erected upon the said lands, also together with the use and enjoyment "for the purposes of the lessees" Textile Mills of all the surplus water not needed for navigation in the Canal, Lake St. Francis, or the River St. Lawrence, as can pass through a certain headrace 150 feet wide admitting 10 feet of water and no more as may be available from the St. Lawrence River taken from the north end of the dam which connects Grand Ile with the main land at Valley-

field, excepting certain water to which other leases were or might be entitled. The lease expressly stated that renewal of it should be executed "provided all covenants herein contained on the part of the lessees are duly kept and performed."

The term of the said lease will expire on the 1st of July, 1915, and application was made by the Company on the 23rd of October, 1914, for a renewal thereof. Rental has been paid up to the 31st December, 1914.

That, as preliminary to such renewal, information has been obtained from the Superintending Engineer as to the observance by the Company of the conditions of their lease, and from his report it appears that the Company are not using the power developed by them solely for the purposes of their Textile Mills, but are selling a certain quantity to industries, etc., in no way connected with their own; further, that the present headrace is 10 feet wider at its narrowest point than is permitted by their lease, being 160 feet wide in place of 150. He observes that it is very desirable, for the sake of local industries, that the Company be allowed to supply them with power, as there is at present no other source from which these industries can procure it.

The Minister recommends that authority be given for the renewal of the said lease for a further term of twenty-one years, dating from the 1st July, 1915, such renewal lease to be at the same rental, \$600 a year, and on the same terms and conditions as those of the present lease, except that (it being considered desirable that the quantity of water that may be taken should be more definitely defined than it is in the present lease) the quantity of water to be taken at any time is to be limited to 10,000 cubic feet per second—

So, at least, we have got to that. So that we have 10,000 feet here, and 2,500 in the other.

—and that the lessees be permitted, out of the power derivable from the said quantity of water, to dispose, to industries other than their own, of power to the extent only, of 200 horse-powers; further, that the restriction of the present lease limiting the width of the headrace to 150 feet be modified so as to admit of the maintenance of the headrace at its present width of 160 feet.

I do not know who the Prime Minister is, his first name is Arthur—it looks like White.

Mr. JACOBS: He was the Acting Prime Minister.

Mr. WHITE: Then follows P.C. 2202, which is the approval of the assignment of that lease from the Montreal Cotton to the Beauharnois Light, Heat and Power. Then, 2203. It is dated the 6th November, 1929, and is an approval of a sub-lease. I shall try to shorten this one, if I can.

The CHAIRMAN: 2203?

Mr. WHITE: Yes.

The Committee of the Privy Council have had before them a report, dated 29th October, 1929, from the Minister of Railways and Canals, representing that, under authority of an Order in Council of the 24th of July, 1900 (P.C. 1710), a lease (No. 13978), dated the 29th of September, 1900, was granted to the Beaubien Produce and Milling Company, Limited, of two parcels of Beauharnois Canal reserve land, one, 28,000 square feet in extent, being Hydraulic Lot No. 1, designated as Lot No. 831 on the official plan of the Town of Salaberry de Valleyfield, P.Q., and the other, 11,700 square feet in extent, being Building Lot No. 1, designated on the said official plan as No. 835:



Together with the use and enjoyment of so much of the surplus water drawn from above the dam situated at the head of the said Beauharnois Canal, as shall be sufficient to drive and propel by means of the most approved description of Wheel six runs of ordinary Mill stones for said Hydraulic Lot No. 1, each run of stones being rated at a power of ten horses—

Mr. JACOBS: Are they talking in these terms in 1929?

Mr. WHITE: This is a recital from the old lease.

—or any other description of machinery requiring an equal but not greater amount of power, to be applied and used by the said Lessee for the working of a Grist Mill or of such other Mill or Machinery as may be approved by the Lessor.

The lease was granted for a term of 21 years from the 1st of August, 1900, at the yearly rental of \$120, renewable, on the same terms and conditions, except as to rental, in 21-year terms forever.

The renewal here is an exception, different from the other.

That, by an Assignment (No. 14222), dated the 30th April, 1901, the Beaubien Produce and Milling Company transferred its lease No. 13978 to The Montreal Cotton Company.

That, under authority of an Order in Council of the 29th of March, 1923 (P.C. 496), a supplementary agreement, dated the 23rd of February, 1923, was entered into with The Montreal Cotton Company renewing the said lease No. 13978 for a second term of 21 years beginning on the 1st of August, 1921, at a rental for such second term of \$275 a year, being \$35 for the land and \$240 for the water.

That The Montreal Cotton Company, hereinafter referred to as the Cotton Company, and the Beauharnois Light, Heat and Power Company, hereinafter referred to as the Power Company, have executed an agreement, dated the 26th of October, 1929, hereinafter referred to as the Sub-Lease, by which the Cotton Company has sublet to the Power Company Hydraulic Lot No. 1 covered by the said lease No. 13978, as assigned, and renewed (subject to certain reservations therefrom), together with the water-power rights covered by the said lease, under which agreement the Power Company covenants to pay rentals and perform all obligations under the said lease No. 13978, and a joint application has been received from the two companies for the consent and approval of the Crown to such Sub-lease, to be given in such form and subject to such provisions regarding indemnification of the Crown and to such other conditions as may be considered necessary. This application contains statements to the following effect:—

The head at which the Cotton Company can use the water covered by Lease No. 13978 at the canal works now provided is limited to about 10 feet. The same water could easily be used through the Power Company's proposed power plant at the full available head between the two lakes—a head, that is to say, of about 80 feet.

It is apparent that the sound economic solution of this situation would be to use this water in the Power Company's power plant to make available a much greater quantity of power, and then, after meeting the Cotton Company's power needs therefrom, to distribute the rest for other industrial purposes throughout the district. To this end the Cotton Company and the Power Company have executed an agreement by which the Cotton Company has sublet to the Power Company its water position under Lease No. 13978, with the intention that the water be used as above explained, all subject to the consent of the Crown.

The Sub-lease, above mentioned, expressly provides that, subject to the consent of the Dominion, it is the intention of the parties that the use of the water covered by the Cotton Company's lease instead of being exercised at the Cotton Company's plants at Valleyfield as at present, may be exercised by the Power Company, for the purpose of generating power for distribution and sale, through its proposed Power Canal Works and plants to be constructed in the county of Beauharnois between lake St. Francis and lake St. Louis.

The Minister, on the advice of the Chief Engineer of the Department, concurred in by the Deputy Minister of Railways and Canals, recommends that authority be given for entry into an agreement with The Montreal Cotton Company, of the first part; Beauharnois Light, Heat and Power Company, of the second part; and His Majesty the King, represented therein by the Minister of Railways and Canals of Canada, of the third part, giving consent to and approving of the terms of the above mentioned sub-lease from the Cotton Company to the Power Company, insofar only as such terms are within the provisions of the said Lease No. 13978, as renewed, and upon the distinct understanding that by such consent and approval His Majesty shall not be deemed to have waived compliance and observance on the part of the Cotton Company, its successors and assigns, of any of the covenants, provisoes, conditions and reservations in said Lease No. 13978, as renewed, to be complied with, observed and performed on its or either of their parts, except such covenants, provisoes, conditions and reservations as in and under the terms of the proposed agreement otherwise provided; the proposed agreement to contain such other conditions as, in the public interest, may be deemed advisable, including, amongst others, in effect, the following:—

The CHAIRMAN: Is that the lease that provides for the 2,500 horse-power?

Mr. WHITE: No, the earlier one, the one referred to in 2201, 2,500 cubic feet.

The CHAIRMAN: 2,500 cubic feet, I mean.

Mr. WHITE: I am trying to get at the cubic feet here.

Mr. MACKENZIE: I understood 72 cubic feet.

Mr. WHITE: At what head?

Mr. MACKENZIE: The ten foot head.

Mr. WHITE: That is in accord with my memory of it. My information was we had a total of—

Sir EUGÈNE Fiset: 12,572 second feet.

Mr. WHITE: 1,001, 2,500, in the other—

Mr. MONTGOMERY: That is equivalent to 2,500 horse-power—

Mr. WHITE: 2,500 horse-power?

Mr. MONTGOMERY: Yes.

Mr. WHITE: Yes. The total extent not exceeding 2,500 horse-power, and Mr. Montgomery makes the statement, which I have no doubt is correct, that it is equivalent to 3,000 cubic feet a second at that point.

Mr. MONTGOMERY: At that head.

Mr. WHITE: At that point, in other words, at that head. That makes a total of 13,072 cubic feet per second. So that that would be added to the 40,000, making a total of 53,072 feet. That is Exhibit No. 9, Mr. Chairman.

*By Mr. White:*

Q. Now, Mr. Lemaire, are there any other Orders in Council affecting water power on the St. Lawrence river between Lake St. Francis and Lake St. Louis.—A. I do not know, sir. I have brought you the orders in council that relate to the Beauharnois Power.

Q. Are there any other Orders in Council relating to the Beauharnois Power, as you put it.—A. Not besides those I have got.

Q. So that we may take it that P.C. 2203 is the last order in council passed relating to this project.—A. Yes, sir.

Q. Now, are there any earlier Orders in Council than the ones you produce? —A. You saw one of the leases, that one back of pre-confederation days.

Q. You produced that.—A. No, not before confederation.

The CHAIRMAN: It refers in its recital to a lease that was entered into in 1864.

*By Mr. White:*

Q. Have you not an Order in Council relating to this matter dated 1909? A. It is not among those that I brought up here, sir.

Q. Will you look and see, because I understand there is an Order in Council following the suit in the Exchequer Court between the Robert heirs and the Crown in 1909.—A. I did not look up anything about the Robert end of it.

Q. I think you will find one.—A. Very likely, sir.

Q. And I will be very glad if you will let us have it at your convenience. —A. You think it was about 1909.

Q. 1909, yes. Then that will do, Mr. Lemaire.

To go on with 422. I was reciting from page 2 of the copy which I have. There is this statement:—

The main provisions of the lease are as follows:—

1. The present Emphyteutic Lease is granted for a period of seventy-five (75) years to be computed from the 23rd June, 1928, and to end on the 23rd June, 2003.

2. The Lessee shall pay to the lessor an annual rental of \$20,000 for the first five years, and of \$50,000 for each of the subsequent years until the expiration of the term. Said rental shall be due and payable in advance on or before the 23rd June of each year, the first payment becoming due and payable at the date of the signature of the present lease for the current year.

3. The lessee shall pay to the lessor, over and above the annual rental hereinabove stipulated, an annual supplementary charge or royalty of one dollar (\$1.00) for each horse-power-year (HP year), such power to be measured at the meters or wattmeters of the generating station. The horse power will be equivalent to 6534.96 k.w.h.

8. The lessee shall install at its plant hydraulic motors having the following capacity:

(a) At the expiration of the first five years following the signature of the contract, provided the plans be approved by the competent authorities within a year, and at the expiration of the first four years from the date of such approbation if it is given after a year has elapsed: 100,000 h.p.

(b) At the expiration of the sixth year: 200,000 h.p.

(c) At the expiration of the seventh year: 300,000 h.p.

(d) At the expiration of the tenth year: 500,000 h.p.

The first instalment of the annual supplementary charge (clause 3) will become due and payable six months after the production of each of such powers and after their respective development.



12. This lease is granted without prejudice to the rights of third parties nor to Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs.

Furthermore, before beginning any work on the premises hereby demised, the lessee shall, according to the provisions of chapter 46 of the Revised Statutes of Quebec, 1925, and to those of the present clause, submit to the lessor for his approbation, copies of all plans including elevations, profiles, sections or all other like drawings, showing and describing the projected mills, dams, power-houses, wharves, piers and other buildings, and similarly, as well as of modifications and improvements thereof during the lease, and taking care to give full particulars with regard to the capacity of works and machinery and its production, together with all information that the lessor may deem useful or necessary. Moreover, the lessee shall supply and furnish the lessor with copies of all data it may already have, or that it may obtain in the future concerning the flow and levels of the river.

No work in the bed of the St. Lawrence river intended for maintaining as they now are either the level of Lake St. Francis, or of the flow of the river St. Lawrence between Lake St. Francis and Lake St. Louis, or the authorized flow of the hydro-electric plants established between Lake St. Francis and Lake St. Louis may be executed before it has been proven, to the satisfaction of the Minister of Lands and Forests, that the plans and specifications and a memorandum of these works and of their mode of operation have been approved by the Federal Government and before the said plans, specifications and memoranda have been approved by the Lieutenant Governor in Council of the Province of Quebec in conformity with section 11, chapter 46 of the Revised Statutes of the Province of Quebec, 1925. Such approvals shall have been obtained before July 1, 1939. In case of new concessions of hydraulic power being made between Lake St. Francis and Lake St. Louis, the lessee may permit the new concessionnaire to use, modify or replace the works provided compensation is made.

13. The present concession is granted with the understanding that the lessee, who is presently negotiating with the Federal Government, shall obtain from the latter, in so far as its rights are concerned, the authorization to divert a flow of 40,000 cubic feet of water per second.

I call your very special attention to this clause:

In case the approbation required from the Federal Government be not obtained within twelve months from the signature of the present lease, said lease may be cancelled by the Lieutenant Governor in Council and the lessee shall not be entitled to any compensation or indemnity from the Provincial Government. However, his deposit shall then be returned to him.

16. Unless dispensed with by competent authority, the lessee shall erect and maintain at all times and seasons durable and efficient fishways.

17. The lessee shall provide the dam, according to needs, with convenient log-slides or gates and erect, if necessary, guiding piers and booms above the dam to bring the logs to the gates or the log-slides.

That is the end of the recital of the terms of the lease from the province of Quebec. And then I am reading from the report of the Minister of Public Works to the council:

That the Beauharnois Light, Heat and Power Company has asked for the approval of its proposed development and in connection therewith made application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

The CHAIRMAN: Have you before you the section to which reference is made here?

Mr. WHITE: Yes, I have.

The CHAIRMAN: That will come later.

Mr. WHITE: I intend to put it in as part of the departmental file. In fact, I think we have that in separate form. I think someone supplies us with a copy of the application.

The CHAIRMAN: Well, it will probably come in later on.

Mr. WHITE: I think we have a copy of that, Mr. Chairman.

The CHAIRMAN: We will get it later on.

Mr. WHITE: (Continues reading):

and, pursuant to the provisions of section 7, chapter 140, Revised Statutes of Canada, 1927, the Navigable Waters Protection Act—the Company has applied for the approval of the plans and site of works proposed to be constructed in the St. Lawrence River with respect to the diversion of the flow of water mentioned above (Plans of the works consisting of 12 sheets and descriptions and plans of the site thereof, in booklet form, annexed);

That the Company in depositing its application submitted the basis of an argument with the Dominion Government as follows:—

(a) When making its initial installation, the Company will construct its power canal to such plans and specifications, and will operate its power development in such a manner that the canal when completed will conform to the navigation standards as set out in paragraph 111 of the main report and paragraph 13 of Appendix C of the report made by the International Joint Board of Engineers, 1926-27.

(b) The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately sixteen million dollars (\$16,000,000) and will be paid by the Company. The Company will also install such remedial works as may be necessary to avoid injury to existing power developments and will maintain the level of Lake St. Francis at such elevation as may be required for navigation.

(c) At any time that the Government may demand, and after three years' notice, the Company undertakes to install in connection with its power canal, such locks and other necessary works as may be required to make the power canal available for through navigation for vessels of a size and draught as large as any vessels which will be able to use the new Welland Canal upon its completion,

By the way, that should be the new Welland Shipping Canal. I am afraid somebody has slipped up there. There is the old Welland Canal, the new Welland Canal and the Welland Shipping Canal.

The CHAIRMAN: Probably the canal to which reference is made could be determined by figuring out what size of ship could be carried through on 53,000 cubic feet per second.

Mr. WHITE: It would depend on the rate of flow: provided,—

i. That concurrently with the installation of such locks the Company shall have the right to enlarge its canal and to divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for flottage through the existing Soulanges Canal, and with the exception of that quantity of water to the user of which existing power plants are now legally entitled.

And I call the attention of the committee to the interpretation which those two clauses involve and, subject to what my learned friends may say about it, it seems to me that before the government can use this power canal for water purposes they must give the company the right to use all of the water of the St. Lawrence river.

Mr. JACOBS: You say "use the water," that is, until it reaches Lake St. Louis.

Mr. WHITE: No.

At any time that the government may demand, and after three years' notice the company undertakes to install in connection with its power canal, such locks and other necessary works as may be provided to make the power canal available for through navigation for vessels of a size and draught as large as any vessels which will be able to use the new Welland Canal upon its completion, provided—

1. That concurrently with the installation of such locks the company shall have the right to enlarge its canal and to divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for floatage through the existing Soulanges Canal, and with the exception of that quantity of water to the user of which existing power plants are now legally entitled.

Mr. JACOBS: Well, they would have to float them down. They must get water somewhere.

Mr. WHITE: Quite so. But part of this scheme, as I understand it, which might be interesting from the public standpoint, was that it provided at somewhat less expense, perhaps a greatly lessened expense to the Dominion, a navigation canal between the two lakes. And all I am pointing out now is, that before the government can require the company to allow them to use this canal for navigation purposes it must allow the company to enlarge its canal so as to take in the whole flow of the St. Lawrence.

Mr. TILLEY: Mr. White, you are now reading from the terms of the application?

Mr. WHITE: Exactly.

Sir EUGENE Fiset: That is the first application, that is not the agreement.

Mr. WHITE: (Continues reading):—

ii. That the cost of such locks and other improvements to be borne by the Company shall not exceed Eighteen Million Dollars (\$18,000,000).

iii. That in any event the Company shall not be obliged to install such locks and other works above referred to until such time as will enable the Company to complete such installation concurrently with the final completion of the remainder of the St. Lawrence deep waterway.

(d) Should the Company desire to enlarge its canal and increase the flow of water through it prior to the time at which the Government shall notify it to install the locks above referred to the Company shall have the right to enlarge its canal and divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for floatage through the existing Soulanges Canal and with the exception of that quantity of water to the user of which existing power plants are now legally entitled, if at the same time it either constructs the locks above referred to, or alternately, at the option of the Government, deposits with the Government suitable guarantees to ensure the installation of the locks when they are required.



(e) The Company is prepared to make such agreements as may be necessary for the purpose of ensuring that after the completion of the locks above referred to the Dominion of Canada will be entitled to the use without charge to it of the canal and other works for navigation purposes.

That protests were filed with the Department in connection with the application of the Beauharnois Light, Heat and Power Company, as follows:—

1. Canada Steamship Lines, Limited.
2. Canadian Light & Power Company.
3. Cedars Rapids Manufacturing Company.
4. Dominion Marine Association.
5. Great Lakes & Atlantic Canal Power Co., Ltd., jointly with Transportation & Power Company, Limited.
6. Montreal Light, Heat & Power Consolidated.
7. The Shipping Federation of Canada.
8. The Soulanges Power Company.
9. Miss Albina Bisson.

The CHAIRMAN: Is the Transportation and Power Company Limited the same company that has recently been in litigation.

Mr. WHITE: Mr. Montgomery might be able to tell you.

Mr. MONTGOMERY: More recently with Mr. Singer.

Mr. WHITE: (continues reading):—

That a hearing was held in the office of the Minister of Public Works on January 15, 1929, at which the various protestants were allowed to submit their representations against the project from the point of view of navigation;

That at the hearing the Company amended its application in the following manner:—

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government, involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration.

And that last part becomes important.

The CHAIRMAN: Now, does that amendment of the application set out just what you have read on page 6 in quotation marks? Does that comprehend what was approved of in the order in council finally?

Mr. WHITE: Well hardly, because what really was approved of—and when we come to consider the legal opinion of the Department of Justice in this connection, it will appear that under the Navigable Waters Protection Act what the Governor in Council has the right to do is to approve of plans and sites or works having regard to whether in the opinion of the Governor in Council they interfere or not with navigation, and with the question of whether the Dominion has the right, or whether the Governor General in Council has the right in the absence of express authority from parliament to grant or to consent to the withdrawal, or rather to grant the right to withdrawal, or to consent to the withdrawal of

water from a navigable river; it is a moot question, and the opinion being expressed as I remember it—and I am only speaking from memory—that it being incidental to the main question as to whether the plans should be approved, that is, the plans of those particular structures which are in the St. Lawrence River, and, therefore, which may or may not interfere with navigation; that the withdrawal of the water being mere incidental and not the main object of the application, and that the approval of the plan involving the withdrawal of that amount of water, the Governor in Council had the authority under the Navigable Waters Protection Act to authorize the withdrawal in that indirect way.

Mr. JACOBS: Did not the Department of Justice advise.

Mr. WHITE: Yes. I will submit the opinion later on for the consideration of the committee; but the question having been raised now I thought perhaps I might simply say what the opinion was, as I recollect it—and I think I have stated it fairly correctly—and when the proper time comes perhaps my learned colleague, Mr. Morin, and myself, may have something to say to the committee in respect to that phase of this enquiry.

The CHAIRMAN: I am afraid there are too many lawyers here to agree on that point.

Mr. WHITE: Are you referring to the council or the committee, Mr. Chairman.

The CHAIRMAN: Both.

Mr. WHITE: The order in council further provides:

That in view of the combination of the two questions of power and navigation, it was deemed advisable to refer to the Supreme Court of Canada, a series of questions to the end of determining the respective rights of the Dominion and Provincial Governments in the development of power. The Supreme Court has recently submitted the result of its consideration of the various questions asked. The conclusions of the Court do not furnish sufficient ground to establish a well defined line of action with respect to power but as the question of fully protecting navigation is the dominant issue so far as the Dominion Government is concerned, it is found that favourable consideration may be given to the proposal of the Beauharnois Light, Heat and Power Company, which, with certain modifications, may be utilized for the requirements of navigation in that stretch of the river.

That a committee of Engineers composed of K. M. Cameron, Chief Engineer, Department of Public Works, Duncan W. McLachlan, of the Department of Railways and Canals, who was Chairman of the Canadian section of the Joint Board of Engineers, L. E. Cote, Chief Engineer, Department of Marine, and J. T. Johnston, Director of the Dominion Water Power and Reclamation Service, Department of the Interior, have made a careful study of the project, together with the objections made by the protestants of the hearing of January 15, 1929:

That the report of the Committee of Engineers deals with the four divisions to which the inquiry was addressed:—

- (a) The effect of works on existing canal and river navigation.
- (b) The effect of work on present power development.
- (c) The effect of works on future navigation.
- (d) The effect of works on future power development.

(a) With regard to the effect of works on existing canal navigation, the Committee finds that the regulating works proposed by the Company in the Coteau rapids combined with the 40,000 cubic feet per second diversion do not provide adequate regulation, according to the plans filed. An extension of these works would permit them, when satisfactorily operated, to protect existing navigation and the levels of Montreal Harbour.

Just there, as to the question of protection of Montreal Harbour, there may be something later on which will be of some importance in that connection.

The Committee finds that so long as the flow through the Soulanges section is prevented from varying, there will be no adverse effect on navigation below, but if a variation in flow in the future is permitted it will necessitate a regulating dam about at the foot of lake St. Louis and, under such circumstances, all interests developing power in the Soulanges section should be assessed for the construction of such a work.

With respect to the effect of works on rivers or rapids navigation, the Committee finds that the diversion of 40,000 cubic feet per second will adversely affect navigation in the Soulanges section and that the works proposed by the Company for rectification purposes in this section are not satisfactory.

You will observe also in that respect, the work was not approved by the committee of engineers.

The Committee finds, however, that with modifications therein, there is a reasonable likelihood of the present condition being largely recovered. It is pointed out by the Committee that these works are largely experimental, are relatively costly, and, in view of the possibility of the balance of power being developed in a short time, the expenditure involved is likely to be lost before many years.

In respect to ice conditions and navigation, the Committee does not find any reason to believe that there will be an increase in quantity of ice formed which would advance the date of closing of navigation in the river, or delay the date of opening of navigation, and has been unable to see from the point of view of navigation that it will be adversely affected on that account.

I understand, in respect to that question, as to whether the manner in which the canal has been built, may adversely affect navigation, there has developed, and there may be some difference of opinion expressed here in respect to it.

If remedial works for preserving 14 foot navigation are operated as intended, the water levels at the head of Lake St. Francis, where the International boundary leaves the St. Lawrence river, will not be affected.

That is, a 14 foot level in the existing St. Lawrence canal, I assume. I take it that is what is referred to in this paragraph.

(b) The 40,000 cubic feet per second diversion might be authorized without adversely affecting the present power developments for which the Federal Government is responsible, *i.e.*, The Canadian Light, Heat and Power Company; the Provincial Light and Power Company and The Montreal Cottons Company.

There would be some adverse effect upon the plant of the Cedars Rapids Manufacturing and Power Company, which derives its basic rights from the Provincial Government. The Committee considers the protection of the company's rights as primarily the responsibility of the provincial government.

(c) The effect of works on future navigation—

A summary of the schemes for deep water navigation is:

- (a) Works necessary for navigation as a river development prior to the installation of power, estimated at \$79,780,000.
- (b) Lateral canal for navigation alone on the north side, estimated at \$41,633,000.



- (c) Lateral canal for navigation alone on the south side, estimated at \$38,565,000.
- (d) To add to a previously constructed power development in the river the works necessary to allow deep water navigation between Lake St. Francis and Lake St. Louis, estimated at \$31,769,000.

These various schemes will be spoken of, I expect, in more detail and we shall be able to appreciate completely what they refer to here.

The CHAIRMAN: Are these sums of money referred to on page 4 (b), "Capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately \$16,000,000," properly charged to navigation in this account?

Mr. WHITE: I think not, Mr. Gordon, I probably think that amount is included in one or other of these estimates.

Sir EUGENE Fiset: I think that is only a valuation, that the company will—

Mr. WHITE: It refers to the amount it will cost the government to install a lock and other works. It has been somewhat increased since. That \$16,000,000 I think, is a part of the expenditure the government is required to make upon the lot. That is, as I understand it at present.

Sir EUGENE Fiset: I understand that \$16,000,000 is simply a valuation providing these works.

Mr. WHITE: You have to read (a):—

When making its initial installation, the company will construct its power canal to such plans and specifications, and will operate its power development in such a manner that the canal when completed will conform to the navigation standards as set out in paragraph 111 of the main report and paragraph 13 of Appendix C of the report made by the International Joint Board of Engineers, 1926-27.

(b) The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately sixteen million dollars (\$16,000,000) and will be paid by the Company.

Evidently the Joint Committee have figured \$16,000,000 as the proper sum to contribute to a joint project.

Sir EUGENE Fiset: The proper sum to assess the company for such a project.

Mr. WHITE: Charged on navigation.

Sir EUGENE Fiset: That is the value they assess.

The CHAIRMAN: In looking it over it would seem to me that at one time the joint board assessed the cost of the navigation part of the works at \$16,000,000 and after the protests came in the same board, or a sub-committee of the board composed of those engineers assessed the cost at a very much larger figure.

Sir EUGENE Fiset: Yes.

The CHAIRMAN: There may be no relationship at all.

Sir EUGENE Fiset: Simply an assessment.

Mr. WHITE: My reading of this, Mr. Chairman, was that the company was expending a sum of money, which, had the government to expend it, would have cost the country \$16,000,000. That is what it means to me at present.

The CHAIRMAN: \$16,000,000 was to be paid by the company.

Mr. WHITE: For work which would aid navigation. That is the meaning, as I read it.

Mr. GARDINER: It is only in the original application.

Mr. WHITE: Yes, quite so.

Mr. GARDINER: Does it apply to the second application—it is applied to the second application.

The CHAIRMAN: It is covered by the same Order in Council.

Mr. WHITE: Mr. Gardiner points out that it applies only to the original application.

Sir EUGENE Fiset: We all know that.

Mr. JACOBS: Let us continue.

Mr. WHITE: I have finished page 9, and am starting on page 10.

(c) Power canal proposed from Hungry Bay to Melochville, if given a width of 600 feet, depth of 27 feet and suitable velocity and made usable as a navigation canal, can be completed as a through route between Lake St. Francis and Lake St. Louis by the addition of works estimated at \$21,600,000.

Comparing the Hungry Bay-Melochville combined power and navigation canal with the river navigation scheme of the Joint Board, which is the next cheapest and is estimated at \$31,769,000, the Committee find there will probably be five bridges on the south or Hungry Bay route, as against three on the river or north route. There will be two canal entrances on the Hungry Bay-Melochville route, both of which can be entered under excellent conditions as against four canal entrances on the north or river route, all of which are made from river stretches with some cross currents.

On the Hungry Bay-Melochville route there will be two lift locks required; on the north route there will be three locks required.

In so far then as the diversion of 40,000 cubic feet per second from Lake St. Francis via the Hungry Bay-Melochville route is concerned, the conclusion of the committee is that it will not make deep water navigation via that route, or any route developed to date, more costly, or difficult, provided suitable safeguarding regulations are imposed.

(d) The effect of works on future power development—

The Committee states that the diversion of 40,000 cubic feet per second may or may not increase the cost of future power development, depending on whether or not this project stands by itself or becomes part of a co-ordinated project.

In all future projects regulations designed to preserve the opportunity of building deep navigation works on either side of the river ought to be imposed on applicants for the development of power.

The Committee concludes that, having regard to the application under the Navigable Waters Protection Act, now under consideration, the Committee are of the opinion that the site and works proposed in the plans and application filed by the said company, will not impede or interfere with navigation on the St. Lawrence River if the conditions recommended by the Committee which conditions are hereinafter incorporated are met by the Company, and that having consideration to the interests of the country as a whole, the Committee is of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions, the same can be efficiently utilized in connection with, and as part of any feasible and economical scheme for the deep waterway development of the St. Lawrence River.

That the Chief Engineer of the Department of Public Works, together with his assistant engineers, after a careful study of the proposed scheme, has recommended the approval of the application from the stand-

point of navigation, subject to the conditions hereinafter set out, in which recommendation the Deputy Minister of Public Works has concurred:

That the Department of Justice, on examination of the application from the legal point of view, has stated that all the requirements of section 7 of the Navigable Waters Protection Act have been complied with and that the said application may now properly be submitted to the Governor General in Council for approval.

After a careful examination of all the points raised at the hearing held in connection with the application, as amended, the Minister reports that the approval of the plans and site of the proposed works can be recommended, subject to the following regulations and conditions:

It is to be observed, perhaps, that rights to cancel or to take such steps as might possibly be necessary, have not been reserved.

Mr. TILLEY: We cannot hear you very well, Mr. White.

Mr. WHITE: The right to cancel has not been reserved in that clause; it is a general clause, which may or may not have a different meaning.

#### CONDITIONS

(1) In any question which may arise from the application of this approval the settlement thereof shall be governed by full recognition of the dominant interest of navigation and the necessity of reserving therefor all or any requisite part of the natural flow of the St. Lawrence River.

(2) The works approved, or which may hereafter be approved, or designed, or made, shall at no time raise the natural level of water in the River St. Lawrence above the international boundary, or in any way contravene the terms of the Boundary Waters Treaty of 1909, or the Treaty of Washington of 1871.

By the way, may we have copies of those two treaties, Mr. Chairman?

(3) The works approved, or any modifications therein, which may hereafter be made or approved, shall be operated in conformity with the requirements of navigation on the St. Lawrence River, and the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second.

(4) Notwithstanding the approval herein contained the Minister of Public Works may at any time

(a) order any additions to, improvements, alterations, or changes in substituting for or modifications or removals of works constructed or in course of construction or proposed or required to be constructed by the company pursuant to this approval and,

(b) at any time require the Company to construct and maintain such further or other works as the Minister may consider are required fully to preserve or restore and maintain the navigation on the St. Lawrence river, and may from time to time require the Company to make such changes or modification in the said works or to remove the same or any part thereof, or to substitute other works in their stead, as he may in his judgment consider necessary for such purpose, and

The Company shall comply with, observe and perform all orders and requirements under clauses (a) and (b) hereof.

(5) The Company shall construct and maintain its canal so as to give a clear width of 600 feet on the bottom, a depth of 27 feet at low stage, and so as to afford average velocities of not more than 2.25 feet per second under any conditions of operation.



The radius of curvature shall not be less than 5,000 feet and one embankment shall form a prism on the north side of the canal. The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of the International Joint Board of Engineers report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

By the way, before we leave the question of width and depth, you will remember that I referred to the width of the canal on one of the plans, and Mr. Montgomery agreed what it should be. What was it on that plan, 4,000 feet or 3,300 feet? My understanding of the way in which the canal has been built, taking a section of it, is that on one side there is a prism formed on the bank, and the bottom of that is 600 feet at a depth of 27 feet, and the other side comes up a certain distance and slants over to the other bank a distance of 2,700 feet. The water is quite shallow. That is the method adopted. In other words, the required depth is 27 feet. I understand it being perhaps an economical problem or an engineering problem combined with the necessary financial adjunct, and it will be considered as to whether that is a compliance in accordance with the plans which were filed when the original orders in council were approved.

The dam and all other works of the Company, upon and along the Canal, including the Canal itself, and the embankments, walls and retaining structures, and the sub-structures for the movable spans mentioned in clause 10, shall at all times be maintained in a proper state of repair by the Company, so that the Canal and every part thereof shall be constantly available for the purposes of navigation throughout the period of the above recited lease or any renewal thereof so far as the dam and works situate upon provincial Crown property are concerned, and for all time so far as works situate upon the property of the Company are concerned. For the purposes of these conditions, "navigation" means local navigation throughout the reach of the Canal and through navigation when the locks and appurtenant works mentioned in clause 7 are completed.

(6) Whenever the Governor in Council so declares, the right of public navigation within and along the proposed canal or any portion thereof to the same extent and in manner similar to that provided in the case of the new Welland Ship Canal shall thereafter exist and be recognized by the Company.

(7) Whenever the Governor in Council shall decide to construct locks and appurtenant works to connect Lake St. Louis with the canal reach for navigation purposes, His Majesty shall have the right, by his servants or agents, to enter upon and use any part of the applicants' lands, buildings, property or works which may be required for the purposes of such construction, and for the operation and maintenance of such locks and appurtenant works when completed, and the applicants shall convey to His Majesty the King in the right of the Dominion of Canada, free of all cost or encumbrance, the title to the necessary land sufficient for the site of such locks and appurtenant works, and no claim for any indemnity whatsoever owing to loss or inconvenience to works, operations, installations or distribution of power will be made by the Company arising out of the construction of temporary or permanent works by His Majesty, either at the entry works, along the course of the stream, or at or below the proposed works.

(8) The Company shall provide, maintain, and operate, when required by and to the satisfaction of the Governor in Council, all aids to navigation made necessary by the Company's works, and shall submit to all regulations in respect to the operation of the Company's works as may be promulgated in the interest of navigation.

(9) The Company shall grant to His Majesty sites for all aids to navigation other than those mentioned in the preceding section which may be required for the use and convenience of shipping using the canal and for public wharves, and shall keep and maintain such sites free and unobstructed, and shall give to His Majesty and his agents free and unobstructed access at all times to such sites, and the Company on demand shall provide and deliver free of charge to His Majesty at such point as he may designate adequate and suitable electric power for operating, repairing, lighting and otherwise maintaining the canal and appurtenant works up to but not exceeding 3,500 horse-power maximum demand and in case additional power should be required the Company shall supply same at a rate not to exceed that paid by the customer having the lowest contract price with the Company.

(10) The Company shall provide, operate, maintain and light all bridges over the canal to the satisfaction of the Governor in Council, it being understood that the Company may initially install fixed spans but with substructures sufficient and suitable for carrying movable spans and when in the opinion of the Governor in Council it becomes necessary for navigation, the Company shall at the request of the Minister remove the fixed spans and the Minister may at the cost of His Majesty in the right of the Dominion install movable spans on such substructures.

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

(12) No work in the St. Lawrence River—

The CHAIRMAN: Do you know whether further plans were submitted in the one order, as far as your investigations have gone?

Mr. WHITE: Well, that brings me to a question which has—

The CHAIRMAN: I do not want to argue at the moment, I only want it for my own information, if you have it here.

Mr. WHITE: I cannot answer the question categorically, because my answer would be practically misleading. It is a question whether the plans as attached to the original Order in Council and submitted with the application of January, 1929—

The CHAIRMAN: Exhibit 1.

Mr. WHITE: Yes.—properly describe the work that was intended to be done, and whether the Governor in Council under this clause that I have just read, that is clause 11, made it an extra condition, shall I say, that the detailed plans should be also approved, in addition to the plans, like when you are going to build a house, an architect will draw your plans and specifications upon which you ask for your bulk tender. Then, when the contract is let, the specifications in the meantime provide that detailed drawings of such things as friezes, doors and windows, and that sort of thing, will be later provided by the architect, If that is what section 11 means, my answer is one thing; if it refers to the actual plans as distinguished from the detailed plans, then my answer must be the other.

The CHAIRMAN: What I had in mind was, that section 11 seems to me to imply a vesting in the Minister of the delegation of authority of the Governor in Council. This, of course, may develop later. I should like to ask this question—

Mr. WHITE: You have to act on the Protection Act. The approved plan was fully exercised when the order in council was passed.

Mr. STEWART: Does it not propose that there will be further plans submitted?

Mr. WHITE: What they call "detailed plans"?

Mr. STEWART: Another section provides that such plans and information shall be submitted within one year.

Mr. WHITE: It says "detailed plans". "The company shall not commence construction of the work until detailed plans of construction—" I am not so sure. I would have to see what the engineer says about that. I can quite conceive it would be open to both constructions. I do not want to make a positive statement until somebody has helped me to make up my mind.

No work in the St. Lawrence river shall be undertaken until a program of construction shall have been submitted and approved by the Minister.

(13) The construction and operation of the works of the company as are now, or as may hereafter be approved, ordered or required, shall be at the sole cost and expense of the company and shall be subject to such further regulations as the Minister may from time to time deem necessary.

So far as my information is concerned, in regard to section 11, it is that the Minister qua minister, has not approved of any of these detailed plans: approval was by the engineer in his department.

The CHAIRMAN: What I had in mind was with reference to 11, 12, 13 and 14, —I have never read these before—they also seem to be a delegation of the power to the Minister by the Governor in Council.

Mr. WHITE: It is a question whether it is a delegation of power or the taking of greater precaution. You can put either construction on it.

The CHAIRMAN: Let me put it this way. If there was any specific variation from the original plan that was approved by the Minister, and never approved by the Governor in Council could that be compliance with what the Navigable Waters Protection Act contemplates?

Mr. WHITE: No, not in my view.

The CHAIRMAN: I just wanted to get that in my mind. We may disagree on that.

Mr. WHITE: It is possible there may be some difference of opinion, my information being that whatever change there was in the plans, that the Governor in Council, by reason of the fact that Mr. Lemaire has produced all the orders in council, has not approved of any other plan of construction except the original plan attached to Exhibit 7. That is why I was so particular to have the original plan here rather than use our copy.

Mr. WHITE (continues reading):

(14) The works shall be constructed by the Company subject to the approval of an Engineer or Engineers authorized for such purpose by the Minister and the decision of the said engineer or engineers shall be final and conclusive upon all questions that may arise in connection with such construction.



(15) The Minister, or his duly authorized representative, shall have full and free access at any and all times to the works of the Company and shall have free control of the operation of the compensating or regulating sluices wherever situated, shall have the right to measure the discharge of the various channels and passages, and to adjust the flow of water in the interest of navigation. The Company shall take and keep such records of the flow of the St. Lawrence river, or the waters thereof, as the Minister or his representative shall deem necessary, and shall calibrate or cause to be calibrated to the satisfaction of the Minister such turbines, penstocks, sluices or other water passages as the Minister may require, and shall furnish at such times and in such manner and in such form and based on ratings satisfactory to the Minister certified copies of its records of flow and its records of operation.

(16) The Company shall furnish and deliver to the Minister immediately after the construction of the proposed works has been completed, such complete general and detail tracings of all parts of said works as actually built as may be required by the Minister, or his representative. Such plans shall show all dimensions, nature of material and other appurtenant information and shall be made on tracing linen and shall be provided with proper titles, headings and numbers.

(17) Should remedial works become necessary in the opinion of the Minister in the interest of navigation, because of surge conditions in the river below caused by the development of the Soulanges section for power, the Company will pay such proportionate cost of said works as may be required by the Governor in Council.

(18) The Company shall not set up any claim

- (a) for damage or for loss of property should any remedial works built under this approval become an impediment to future improvement of the section and require removal, or
- (b) for damages should the works or any part thereof no longer be required for the purpose for which they were constructed and be put to other approved use, or
- (c) for damages should any works or things ordered or required to be done by the Company under the provisions of paragraph 4 or any other paragraph hereof prove to be defective or insufficient for the purposes intended.

(19) The Company shall provide gates in its power house of such capacity as will discharge 40,000 c.f.s. under the most adverse conditions of head and tail water level to be anticipated and to the satisfaction of the Minister.

(20) His Majesty shall at any time be entitled to acquire and take over:—

The canals, works, buildings, erections or other property of the Company constructed under or pursuant to or in lieu of the works shown in the plans approved by this order in council, and the lands upon which the same are made or constructed, or so much of or such part of such works, buildings, erections, property or lands as in the opinion of the governor in council may be necessary, paying such compensation as may be agreed upon between the parties, or as may be fixed by the Exchequer Court of Canada in case of failure to agree, but in fixing such compensation consideration shall not be given to any rights or privileges acquired by the Company under or by virtue of this order in council; and consideration shall be given to the relief which the Company would thereby obtain from the obligations imposed on the Company by condition (5) hereof.

(21) The approval hereby granted is given upon and subject to the condition that in case it should be judicially determined that His Majesty in the right of the Dominion is entitled to any of the power now or hereafter to be developed in connection with the works the subject of this approval or any works hereafter to be constructed by virtue hereof by the Company or which His Majesty may construct then and in such event the Company shall pay to His Majesty in the right of the Dominion such compensation by way of annual rental as the governor in council may from time to time determine, and shall comply with all rules and regulations which may be made by the governor in council with respect to the rentals to be paid to the Government, the sale of power, the regulation of price thereof and the other matters now referred to in the regulations respecting Dominion Water Powers.

I call your attention to the wording of that clause:—

The approval hereby granted is given upon and subject to the condition that in case it should be judicially determined that His Majesty in the right of the Dominion is entitled to any of the power...

"Entitled to any of the power" is something which to me is difficult to understand in connection with a project such as this. Entitled to the water I can understand, but how the Dominion can be entitled to the power I have not yet been able to conceive. And, if that is meaningless, the clause does not mean very much.

(22) The Company shall commence its work within one year after the approval contemplated in paragraph 11 of these conditions, and shall complete its authorized works within five years from the date of such approval.

(23) The Company shall save the Dominion Government harmless should the construction of the works affect rights heretofore existing above, below or comprised within the area of the proposed works, the Company to be responsible for and to compensate for any damage which may be caused by the works to other Companies or interests owning or operating water power on the St. Lawrence River including Lake St. Francis, and the Company shall settle, pay and fully provide for the claims of riparians and other persons who may sustain any loss or damage in consequence of the construction of the said works or any of the works which the Company may require to construct and maintain for the purpose of restoring and maintaining the navigation of the St. Lawrence.

(24) The Company shall, before commencing construction of any part of the approved works, procure the execution by the Province of Quebec of an agreement with and to the satisfaction of the Dominion Government, whereby the Province will undertake and agree that should the said dam or appurtenant works or any part thereof become the property of the Province under any provision of the said lease, or otherwise, the Province will either transfer the same to the Dominion or will maintain the same or cause the same to be maintained in a proper state of repair, so that there shall always be a minimum depth of twenty-seven feet of water in the said Canal, and so that the same and every part thereof shall always be available and in proper condition for the maintenance of navigation in the said Canal.

(25) In case of failure by the Company to observe or perform any of the provisions and conditions upon which this approval is granted, or to proceed with and complete such works and things as may be ordered or required by the Minister under Clause 4 hereof, or under any other authority in that behalf, the Minister may, by notice in writing specifying generally the particulars of alleged failure, require full and complete

observance and performance in that regard within a period named in said notice, or may stipulate the respective times and manner in which the observance and performance of the provisions and conditions herein mentioned and the carrying out of such works, and things, shall be commenced, carried on and completed, and if such notice is not complied with within the time or any of the respective times so specified, His Majesty may jointly, severally or in the alternative,

- (a) take over and operate the whole or any part of the works, compensating the Company for the value thereof, but such compensation not to include any allowance for forcible taking or based upon the approval hereby granted.
- (b) proceed with and complete or maintain and repair the whole or any part of such works and things and recover the full cost thereof from the Company by suit in the Exchequer Court of Canada, as for a debt due from the Company to the Crown in the right of the Dominion.
- (c) cancel this approval, all of the remedies specified in clauses (a) (b) and (c) hereof to be additional to, and without prejudice to any other remedies open to His Majesty in the premises, and to all or any proceedings in the courts available to the Crown. Any action by His Majesty under this paragraph shall not be deemed an infringement of the rights of the Company.

(26) The approval hereby granted shall inure only to the benefit of the applicant or its assigns, and shall endure only for the period of the said emphyteutic lease or any renewal thereof. Upon the termination of the said lease or of the rights granted thereunder or in case there should be at any time a reversion to the Crown of the rights granted thereunder the approval hereby granted shall cease and determine, and in no event shall the approval hereby granted or any rights dependent upon or connected therewith pass to the Crown in the right of the province. No assignment of the approved works or of the approval hereby granted, or of any of such rights, shall be made without the approval of the Governor in Council first had and obtained.

Should the Company make any such assignment without such approval, the Government may take over and operate the whole or any part of the works without compensation.

Mr. JACOBS: That is, the property passes to the Dominion on their failure to comply with the conditions.

Mr. WHITE: No, on their attempting to assign any rights which they have acquired from the Dominion under this Order in Council.

Mr. JACOBS: Where they failed to carry out the terms of the agreement. That is 25.

Mr. WHITE: They have the three alternatives. They can take over and operate the work upon payment of compensation, that is, the value of the works; whatever the value is it does not say on what basis, whether a going concern, or what it is.

Mr. JACOBS: What would be the position of the province in that event.

Mr. WHITE: They have agreed under the other Order in Council that the Dominion may, in effect, take this over and operate.

Mr. JACOBS: As a Dominion concern.



Mr. WHITE: In other words Quebec has practically agreed that these clauses may become operative in the event of the default mentioned:

(27) Any proprietary, legislative or executive powers, rights, authorities or privileges now or hereafter vested respectively in His Majesty, the Parliament of Canada, the Governor in Council or any Minister or officer of the Dominion Government shall not be in any way prejudiced or impaired by, and may be exercised in conjunction with, in substitution for or in addition to the powers, rights, authorities and privileges reserved to or conferred upon the Dominion by these conditions or the agreement incorporating the same.

(28) It is clearly stipulated and understood that nothing is hereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act upon and subject to these conditions.

In other words, this makes it pretty clear that the Dominion so far as this grant is concerned is not doing anything else than approving of the site and works in so far as they affect navigation. As to whether it actually does more than that, in spite of the avowal to the contrary, that may possibly be a matter for consideration:—

The Committee, on the recommendation of the Minister of Public Works, submit for Your Excellency's approval, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the descriptions and plans attached, in booklet form, which works are proposed to be constructed by the Beauharnois Light, Heat and Power Company, with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned, the said approval to take effect only after an agreement incorporating the conditions enumerated above and satisfactory to the Minister of Public Works of Canada has been executed between the Beauharnois Light, Heat and Power Company and His Majesty the King, as represented by the said Minister.

In connection with the foregoing, the Committee submit for Your Excellency's information the following documents which are hereto annexed:—

Study of Remedial and Control Works, by Messrs. Brown, Hogg and Lee, Consulting Engineers;

Supplementary Memorandum Regarding Ultimate possibilities of proposed Hydro-Electric Power development of the St. Lawrence River between Lake St. Francis and Lake St. Louis, by F. B. Brown, M.Sc., Consulting Engineer, Montreal;

Report of proposed Hydro-Electric Power development on the St. Lawrence River between Hungry Bay on Lake St. Francis and Melocheville on Lake St. Louis, by F. B. Brown, M.Sc., Consulting Engineer, Montreal.

Report, dated January 30, 1929, of Messrs. Cameron, McLachlan, Johnston and Cote, on the project.

*Clerk of the Privy Council.*

That is the report of the committee of engineers which was spoken of, and which has been requested, by the Minister of Public Works to go into the matter and report, which has been referred to in the order in council.

I would like in the morning to take up shortly the things that are attached to the order in council, Exhibit No. 1, and would, therefore, request whoever has charge to have it here at 11 o'clock.

Hon. Mr. MACKENZIE: May I ask if the specific charges which were mentioned at the first sitting of the committee have been formulated yet?

Mr. GARDINER: Before answering that question I would ask Mr. Mackenzie to read the Reference.

Hon. Mr. MACKENZIE: You are going to leave it as it is.

Mr. GARDINER: No. I merely object to Mr. Mackenzie making a statement as to whether I had compiled a list of the charges. The Order of Reference does not state anything of that description at all.

Hon. Mr. MACKENZIE: I understood at the first meeting of the committee it was agreed that the charges should be tabulated in specific form.

Mr. GARDINER: I am quite willing to tabulate any statement that I made. I will put it that way.

Mr. JACOBS: They are tabulated in speech.

The CHAIRMAN: There undoubtedly was a discussion at our first meeting, at the suggestion of Mr. Jacobs, I think, with respect to the desirability of Mr. Gardiner setting out with greater clarity probably, if I may put it that way, the charges that were contained in his speech. I do not think Mr. Gardiner gave any undertaking to do it.

Mr. LENNOX: I think he did.

The CHAIRMAN: Mr. Gardiner said he would endeavour to clear the atmosphere by setting them out in greater detail. I am going to suggest to Mr. Gardiner, if it is satisfactory, that he see counsel for the committee, if possible, this evening, and go over the speech with them and possibly they will be able to give him the assistance necessary in that regard, because, if it can be done it might shorten the work of the committee a good deal.

Mr. WHITE: I may say, Mr. Chairman, that both Mr. Morin and I are at Mr. Gardiner's disposal for any purpose in connection with this inquiry.

Hon. Mr. MACKENZIE: And other members of the committee as well.

Mr. WHITE: Oh, yes.

The CHAIRMAN: We will adjourn until 11 o'clock to-morrow morning.

HOUSE OF COMMONS, ROOM 231,

WEDNESDAY, June 24, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2.00 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., for the Committee.

G. H. Montgomery, K.C., W. N. Tilley, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C. for the Royal Trust Company.

I. F. Hellmuth, K.C., for the Beauharnois Company.

The CHAIRMAN: Mr. Hellmuth, I understand you are acting for Beauharnois?

Mr. HELLMUTH: Yes.

Mr. TILLEY: Let me say, Mr. Chairman, I realize that the work of the committee will not likely finish this week, and as I must leave for England on Saturday, I shall have to withdraw for the present, and Mr. Hellmuth is taking my place. If the session last long enough I may be back.

Mr. WHITE: I understand, Mr. Chairman, there is one question about the order in council which I read yesterday, 422, on which one of the members of the committee desires some further light, and it was suggested that that matter might be taken up at the opening of this session; if that meets with the view of the members it can be done now.

The CHAIRMAN: Yes.

Mr. WHITE: It was General Stewart who spoke to me about it.

The CHAIRMAN: What was the difficulty, General Stewart?

Mr. STEWART: In regard to Clause 26.

Mr. WHITE: I understand, Mr. Chairman, that in clause 26 there was a question as to some of the wording of that clause. It reads:

The approval hereby granted shall inure only to the benefit of the applicant or its assigns, and shall endure only for the period of the said emphyteutic lease or any renewal thereof. Upon the termination of the said lease or of the rights granted thereunder or in case there should be at any time a reversion to the Crown of the rights granted thereunder the approval hereby granted shall cease and determine, and in no event shall the approval hereby granted or any rights dependent upon or connected therewith pass to the Crown in the right of the province. No assignment of the approved works or of the approval hereby granted or of any of such rights, shall be made without the approval of the Governor in Council first had and obtained.

Should the Company make any such assignment without such approval, the Government may take over and operate the whole or any part of the works without compensation.



Mr. WHITE: Mr. Stewart was not clear, I take it, as to what rights were granted under that lease, or as to whether this clause in the contract or, at least, the clause in the order in council was a recognition of the right of the province of Quebec to grant the lease. Is that the question?

Mr. STEWART: Yes.

Mr. WHITE: The rights here referred to, of course, are just what they might happen to be under the lease itself, that is the lease to the Roberts, and we shall have that lease before the committee at a later stage, so we can then consider it. As to it being a recognition of the right of the province to grant the lease, I should not think that a recital of it here would have any particular effect by way of being binding upon the province and the Dominion.

The CHAIRMAN: I doubt if we could get any two of the counsel present to agree upon it.

Mr. WHITE: Mr. Morin and myself have difficulties, sometimes.

Mr. Lemaire was asked yesterday to produce certain additional orders in council, and I had in mind to refer to the plans that were attached to Exhibit 1, but probably it would be more convenient if Mr. Lemaire would produce these orders in council now. He tells me that owing to a difference in the filing system in the Privy Council office and in the Department of Railways and Canals, he is of the opinion that all of those orders in council may be collected in one place in the Railways and Canals, where they are not with him. However, I think it is important that we should know from Mr. Lemaire that we have all the orders in council affecting this project and for that reason I should like to call him now, with your permission.

Mr. E. J. LEMAIRE, recalled.

The CHAIRMAN: The last order in council produced was Exhibit 9, order in council No. 2203, as I have it. Is that right?

Mr. WHITE: Yes. There were three orders in council, 2201, 2202, 2203.

*By Mr. White:*

Q. You are already sworn, of course. You are producing now, Mr. Lemaire, Order in Council—A. Several Orders in Council.

Q. Are these the ones (producing)?—A. Yes.

Q. These are recitals, are they? These give a very short precis of what, that is, the index of the front gives a short precis of what, the contents of the Order in Council?—A. Yes.

Q. They are not in order of date. I shall try to put them in order of date. I think in your index the earliest one appears to be P.C. 1198, dated 30th July, 1926, and that is an Order in Council granting permission to the Canadian Light and Power Company to replace or reconstruct certain works referred to in clause 3 of the lease of the 10th of December 1907. I have not had an opportunity of looking at that document, but perhaps I can refer to it in a moment.

Sir EUGÈNE Fiset: The memorandum is not in sequence?

Mr. WHITE: Not in sequence, chronologically. I shall have to take it up and refer to it later on. Now, the first one, in order of date, is P.C. 2386, 24th December, 1906, authorizing a lease of the canal to McIntyre and Robert, and fixing the terms and conditions of the lease.

Mr. LENNOX: Who are the lessors?

Mr. WHITE: I shall just have a look at it, Mr. Lennox. It is as follows:—

On a memorandum dated 16th November, 1906, from the Minister of Railways and Canals, representing that there has been brought before

him the question of leasing the Beauharnois Canal, in order to its utilization for the development of electricity for lighting and industrial purposes.

The Minister submits that various applications for the leasing of isolated powers on the Canal have, from time to time, been put forward; but in 1903 a scheme of greater magnitude, comprising the whole of the canal, was presented by Mr. E. A. Robert, who, on behalf of himself and those associated with him undertook to pay for the privilege a fair remuneration, and to safeguard by contract, all rights that the government might desire to protect. This proposition was subsequently renewed in more ample form, the applicants being Messrs. W. R. McIntyre and E. A. Robert, they undertaking to relieve the government of all expense in connection with the canal, and to pay all the servitudes and maintenance of the same; further, to furnish power to the municipalities of the Towns of Beauharnois and Valleyfield, and Montreal, and do nothing to interfere with—

The CHAIRMAN: There is an interjection there.

Mr. WHITE: Yes, on the margin are the following words.

—and further to make in the course of the next season all urgent and necessary repairs under the supervision of the Minister of Railways, the same being estimated at about \$60,000.

It is initialled "W.L."

Continuing where I left off;—

—the Montreal Cotton Company in the exercise of their rights and privileges, the said company being lessees of the government and their works being near the head of the canal, though at some distance from it and not directly connected with in in any way. The applicants propose to expend at least \$1,000,000 in development, which would include the deepening and widening of the canal and the utilization of its banks and property.

That this proposition appeared to be one deserving of careful examination and of consideration, and it has accordingly been so treated.

The Minister further submits that the following represents the position:—

The Beauharnois canal was built about 60 years ago—

That is, speaking of 1906, and it would be 85 years ago now, I take it.

—and is a waterway eleven and one-quarter miles in length with 8 lift locks and a guard lock; it overcomes an aggregate rise of  $82\frac{1}{2}$  feet; the present depth of water on the lock sills is 9 feet. The construction of the Soulanges Canal has rendered the Beauharnois canal unnecessary for navigation purposes.

From a report from the Superintending Engineer of the Canal, dated the 21st of April, 1904, in which he deals with the question of the possible development of power with the water now available, it appears that the present condition of the supply weir at Valleyfield is such as to necessitate costly repairs, including the rebuilding of the side walls at a cost of about \$30,000, that if the lock gate sluices were used in connection with the weir for the supply of the headrace, the volume of water now available that could be passed under a minimum head of one foot would be about 1,000 cubic feet per second, and that this water could be utilized at certain points of development along the canal in its present condition so as to produce 5,790 h.p.; he observes, however, that at one of the points of development it would affect the power of the Montreal Cotton Company by raising the level of their tailrace. He further states that

with increased feeding capacity, power equivalent to 8,687 h.p. could be obtained. He points out that, at the present time, the staff is reduced to its minimum number; one overseer, one man at each lock, one bridgeman, and three ferry men—a staff which, he states, must be maintained whether for the purposes of navigation or for producing power, so long as water is passed into the canal, with the exception of one bridgeman whose services might be dispensed with, the bridge being converted into a fixed span, if the canal were closed to navigation. He states that servitudes exist as follows: the maintenance of 9 bridges and 3 ferries, of 110 weirs and farm bridges, of roads on both sides of the canal, of fences, ditches and culverts, of the Hungry Bay dyke—

Apparently, if you turn to the large plan on the map there, at the top of the two plans you will see at the entrance to the old canal and some distance to the west of it, there commences a dyke, which goes in an easterly direction from that point, to a point a considerable distance east of the present proposed entrance from Lake St. Louis—no, Lake St. Francis, I am all twisted. At the other end, Lake St. Francis, I should say. That dyke extends well beyond the point at which the present proposed canal takes its water from, or proposed to take its water from Lake St. Francis. That dyke was, on the information furnished by the documents, built by the old province of Canada before Confederation, I think in 1855. There will be evidence as to that. It has been maintained ever since by the Dominion, it having become the property of the Dominion under the British North America Act, and it may raise some question as to the respective rights of the province and of the Dominion at that particular point. There is a judgment in 9 Exchequer Courts, *Robert versus His Majesty*, in which the question of the building of that dyke is mentioned.

—and road, also the cutting of weeds along the canal. The annual expenditure, with the above reduced staff for maintenance and repair would amount, he estimates, to about \$20,000.

The Minister observes that although the canal was completed in 1845, it was found that the channel leading to the Upper Entrance was crooked, and had 8 feet of water in dry seasons, further, it was crossed by the current in places, producing liability to accidents; to remedy these defects two dams were built, one from the main shore, 650 feet north of the Guard Lock to Grand Ile and the other from that island to another. On these dams a road was constructed which forms the means of communication. These dams had the effect of raising the level of the water about 2 feet. The residents on the south shore bank of the Lake St. Francis, however, complained that the dams caused flooding over their lands; and for the purpose of protection from such flooding, a dyke nearly 5 miles in length was built by the government from a point about a mile above the guard lock of the canal; this dyke is known as Hungry Bay Dyke; it is used as a roadway, and inasmuch as it is advised by the Chief Engineer of the Department that the maintenance of the two dams, the construction of which rendered its building necessary as above explained, is essential to the proper supply of water for the Soulanges canal on the other side of the river, and inasmuch further as the dyke is in no way connected with the canal, it appears to be negligible in dealing with the present question of leasing the canal.

The Minister, on careful consideration of the whole question, keeping in view the facts that the canal is not now needed for navigation and is, notwithstanding, a source of considerable expense to the government, recommends that authority be given for leasing the said Beauharnois canal.



The Minister observes that by the Statutes of 1895, chapter 36 it was enacted that any public work not required for public purposes may be sold or leased by tender or at auction after public advertisement "unless it is otherwise authorized by the governor in council." The Minister submits, with regard to this enactment, that in the disposal by lease of a privilege of such actual and potential magnitude, it is of the highest importance that all precaution should be taken to avoid the possibility of a monopoly being created adverse to the interests of the city of Montreal and of the great prospective users of power there and in the vicinity, through the absorption by some existing power company of these privileges, and that the calling for tenders therefor, or the sale by auction of the same, would surely result in placing in the hands of those interested in crushing out competition an easy means of obtaining their ends.

The Minister accordingly recommends that in the first place the governor in council authorize that for the leasing of this work, the calling for tenders or the sale of the privilege by public auction be dispensed with, and further that the lease be granted to Messrs. McIntyre and Robert, or to such company as may be formed by them, on the following terms and conditions, in addition to any others that may be deemed desirable in the public interest, namely,

1. The lease shall be for a period of twenty-one years, renewable for two further terms of twenty-one years each, making a total of sixty-three years, only,

That condition may perhaps develop into something of importance.

2. The rental shall be twelve thousand dollars a year.

3. The property to be leased shall be the whole of the canal itself, its bed, banks, and adjacent reserve lands on both sides of the canal (except the government dams at Valleyfield, the lands in that connection, and all government buildings and structures appertaining thereto and the Hungry Bay Dyke),

The CHAIRMAN: That is leased to McIntyre and Robert.

Mr. WHITE: McIntyre and Robert, the order in council authorizing it. —also all waters now or hereafter passing through the said canal.

4. The lessees shall have the right to widen and deepen the present canal for the purpose of increasing the supply of water in such manner as they may see fit, and to enlarge, remove or replace with other works any or all of the present structures on the canal; provided that such additional flow of water thereby obtained does not in any way detrimentally affect the supply of water to the Soulanges Canal, nor the supply of water at present leased to the Montreal Cotton Company, or to disturb the level of the river so as to affect navigation.

The CHAIRMAN: In the river itself?

Mr. WHITE: Yes. That is an interjection which is put in, apparently, in the handwriting of the then Prime Minister, who I take to be Sir Wilfrid Laurier.

5. The lessees shall, at their own cost, maintain all existing servitudes, except the Hungry Bay Dyke.

6. The lessees shall have the right to sublet, within the time limitations of their own lease, any and all areas of the said canal lands, as they may see fit, and to receive all rentals for the same to their own advantage.

7. The lessees shall, from the date of execution and delivery of the lease now to be granted, and within the time limitations of that lease, stand in the place of the government in respect of all leases heretofore

granted, receiving the rentals therefor to their own advantage; but all arrears of rent that have accrued or that may accrue on such leases up to the date above mentioned shall enure to the government.

8. The lessees, if exercising the right of widening the Canal, shall provide and maintain roadways on both sides of the Canal, for public use, equivalent in extent and accommodation to those, now existing, that it may be found necessary to utilize for that purpose.

9. The lessees shall assume all liability for damages, detriment or injury that may result through the construction operation or presence of their works, or from neglect to maintain such works in efficient condition.

10. The lessees shall hold the Government harmless against all claims whatsoever that may arise in consequence of the leasing to them of the said Canal, and the rights and privileges so demised.

11. The lessees shall do nothing to detrimentally affect the water privileges as at present leased to and enjoyed by the Montreal Cotton Company, nor the works of that Company, nor the privilege of water supply otherwise granted at the Government dams and lands adjacent thereto.

12. The lessees shall whenever so required by the Municipality of Valleyfield or by the Municipality of Beauharnois or by the City of Montreal or other Municipality, furnish them with electrical power for municipal lighting purposes at reasonable rates and on reasonable conditions, such rates and conditions in the event of disagreement between the parties to be determined by the Board of Railway Commissioners for Canada; provided always that notification of such requirements be given by the Municipalities to the lessees within two years from the grant of this lease, and that reasonable time be allowed the lessees after such notification to enable them to comply therewith.

13. With regard to the rights given to the Corporation of Valleyfield by lease to lay and maintain an iron sewer pipe under the Canal and along the Canal reserve, such rights shall be continued to the Corporation by the lessees; and in the event of the lessees enlarging the Canal, they shall at their own cost provide for the Corporation, and lay an iron sewer pipe sufficient to meet the new conditions thereby created.

14. With regard to the rights of carrying electric cables under the Canal in an iron pipe and of placing and maintaining poles for telephone wires granted by lease to the Bell Telephone Company of Canada, these rights shall be continued to that Company by the lessees, and in the event of the lessees hereafter widening the Canal, during the subsistence of their own said lease, to such extent as to render the removal of such poles necessary, the lessees shall permit them to be re-erected on such other portions of the Canal lands as may be suitable for the purpose; further, in the event of their enlarging the Canal they shall permit the said Company either to lay a pipe for carrying cables under the Canal, or to cross the Canal with overhead wires, as they, the lessees, may determine.

15. With regard to the permission given by agreement with the Canada Atlantic Railway Company to cross the Canal by a swing bridge—such agreement granted in 1885 and terminable at six months' notice by either party, having been for a temporary structure, with an undertaking on the part of the Company to construct thereafter "whenever required by the Minister" and at their own cost, permanent works of masonry, with two clear openings each 47 feet in width and a clear sectional area of 1,950 square feet—the lessees shall have and exercise all the powers vested in the Minister under such agreement.



16. Neither Messrs. McIntyre and Robert, nor the company that may be formed by them shall, in respect of this lease, amalgamate with any existing company, and in the event of the Light, Heat and Power Company of Montreal, or any other Company, acquiring, in any way, directly or indirectly, control of the said lease, or of the privileges covered thereby—of the existence of such control the Government to be sole judge—the Government shall have the right, immediately, without compensation of any kind whatever, to cancel the said lease, and to assume possession, as its own property, of the whole of the works, plant, buildings and materials belonging to the said lessees, situated or being on or alongside of the Canal, and within the areas covered by the said lease.

17. The rates to be charged by the lessees for power, light and heat shall be fixed by the Board of Railway Commissioners for Canada, and shall be subject to revision by the said Board at the expiration of each period of five years thereafter, nor shall any rates or charges for power, light or heat be collected by the lessees unless and until they have been so determined.

18. The lessees shall have commenced their work of development within two years from the date of the lease, and shall complete the said works within five years therefrom, to such extent as to be in condition to supply power equivalent to 2,000 horse-power.

19. At the close of the said period of 63 years, should the Government of that day decline to grant an extension of the lease, the lessees shall be entitled to be paid by the Government the then actual value of their buildings and plant, and no more, such value to be ascertained by an appraisalment to be made by three valuers, one to be appointed by the Government, one by the lessees, and the third by the two so appointed, or failing their agreement as to the third valuator, by the Chief Justice of the Superior Court of the Province of Quebec, no compensation to be paid for loss of franchise, nor on any ground or for anything whatever except as above stated.

The Minister further recommends that though not necessarily to be expressed in the lease itself, it must be understood that the lessees will at all times, deal with the present holders of Government leases in a fair and reasonable spirit, not exercising rights of terminating leases (save for the purpose of issuing new leases direct to the parties from themselves, if so desired) unless either the circumstances of their own business requirements render such action necessary, or the conduct of the said present lessees renders cancellation proper and justifiable; nor shall they unduly raise the rentals of such leases; it being expressly understood that the object of these provisions is to protect the present lessees against any harsh or arbitrary stoppage of privileges now enjoyed under the Government, and with which, but for the action now contemplated in leasing the canal, there would, in all probability, have been no interference.

The Government reserve to themselves the right to expropriate the above-mentioned works at any time during the said lease.

The Committee submit the same for approval.

WILFRID LAURIER.

Now, that is signed by Sir Wilfrid Laurier and approved by Lord Grey on the 24th of December.

The CHAIRMAN: Between whom is that lease?

Mr. WHITE: Between the Government of Canada and McIntyre and Robert. Of course, there will be no question about that, Mr. Chairman,



because the Beauharnois Canal and any water power incidental to its construction and maintenance would undoubtedly be within the jurisdiction and ownership of the Crown—the right of the Dominion as represented by the Department of Railways and Canals. All canals, amongst other things, were declared by the British North America Act to be the property of the Dominion of Canada.

The CHAIRMAN: Did this agreement take the place of all prior rights and agreements that the Robert's had?

Mr. WHITE: I do not think the Roberts had any rights.

The CHAIRMAN: On the canal?

Mr. MONTGOMERY: This is a different Robert entirely.

Mr. WHITE: Are there two Roberts?

Mr. MONTGOMERY: This is E. A. Robert.

Mr. WHITE: Do I understand that there were other rights than these in any of the Roberts, except such as might be incidental to the ownership of land?

Mr. MONTGOMERY: E. A. Robert was the man who with McIntyre applied for a patent or lease from the Beauharnois Canal. He did not derive his rights in any way from this Robert. W. H. Robert, his brother, is one of the owners who sold stock in the Beauharnois Company to this Company. They were entirely different projects, and for a time they were very much in opposition to each other.

Mr. WHITE: Do I understand then that this particular lease contemplated by this Order in Council which I have just read does not refer to works which are embraced in the present project?

Mr. MONTGOMERY: No. Not at all. There is no connection, Mr. White. That is the Canadian Light and Power works that are covered in that lease which you have. Robert and McIntyre Incorporated the Canadian Light and Power Company which is still going. It is another project entirely. It has no connection whatever with this project.

Mr. WHITE: P.C. 2009 is the next one. It is dated the 17th of October, 1907; and in view of what Mr. Montgomery has just told me, it will probably not be necessary for me to more than refer to this particular Order in Council, because it only amends the terms of the lease contemplated by the Order in Council. It says "amending P.C. 2086, and approving draft lease to McIntyre and Robert." A copy of the lease is here; and if at any time during the inquiry it becomes necessary to look at it, it will be available, no doubt. It is principally in regard to the lease and to the terms of expropriation. This is P.C. 2168, dated the 9th of December, 1909, authorizing lease of headgates, etc., to the heirs of the late Bartholomew Robert.

Mr. MONTGOMERY: That has to do with the Beauharnois project.

The CHAIRMAN: Mr. Montgomery, what you say is that these two Orders in Council, 2386 and 2009 which have been read just now and which have been entered as Exhibits Nos. 10 and 11, are not concerned with the present Beauharnois project?

Mr. MONTGOMERY: Not in any way, shape or form.

The CHAIRMAN: They have to do with the old Beauharnois Canal as disclosed on this map?

Mr. MONTGOMERY: The Canadian Light and Power project starts at this point (indicating profile map). The intake is there, and the power house is here.

Mr. LENNOX: Is that what this lease covers—between those two points?

Mr. MONTGOMERY: Yes; the two we have just heard read.

The CHAIRMAN: It has nothing to do with this inquiry.

Mr. MONTGOMERY: Not as far as I can see.

Mr. WHITE: The only possible thing that suggests itself to one's mind is that it has been in existence for a long time, and whether or not there might be any possibility of its rights being affected by the project.

Mr. MONTGOMERY: You will see that they were one of the objectors at the time of the hearing; that is, the Canadian Light and Power Company.

Mr. WHITE: The next Order in Council, which will be filed as exhibit 12, is P.C. 2168. That is this: "On a memorandum dated 22nd October, 1909, from the Minister of Public Works stating that on the 17th of October, 1904, judgment was rendered on a petition of right granted to Mr. Bartholomew Robert, mill owner, of Valleyfield. Mr. Robert claimed ownership of a certain feeder or canal near Beauharnois built for the purpose of conveying water from the River St. Lawrence to the River St. Louis.

Might I trouble you, Mr. Montgomery, to just indicate on the map where that feeder is?

Mr. MONTGOMERY: It runs down to the St. Louis River—down below here (indicating).

Mr. WHITE: The water from the feeder was from Lake St. Francis to the St. Louis River?

Mr. MONTGOMERY: Yes.

Sir EUGENE Fiset: Is that the feeder mentioned?

Mr. WHITE: Sir Eugene Fiset wants to know if that is the feeder which is mentioned in Order in Council 422? I think it is.

Mr. MONTGOMERY: Yes.

Mr. WHITE: Then this Order in Council says:—

Mr. Robert claimed ownership of a certain feeder or canal near Beauharnois built for the purpose of conveying water from the River St. Lawrence to the River St. Louis, together with a strip of land on both sides of the Canal, also headgates, etc., and prayed that judgment be rendered declaring him to be the sole owner of the feeder, etc., and that he be alone entitled to possession, control and disposition of the same.

The Minister observes that though the judgment was rendered against the contention of Mr. Robert, it admits that that gentleman had important rights in the feeder and the water thereby supplied to his mills.

I might incidentally say, Mr. Chairman, that the judgment in that case shortly determined that the rights claimed by Mr. Robert were not in him, but in the Crown in the right of the Dominion.

Hon. Mr. MACKENZIE: The Exchequer Court?

Mr. WHITE: Yes, with the Exchequer Court. It states that,

"These rights have been recognized by the Crown in the most formal manner possible." So far as the possession and control of every part of the dyke, including the gates by means of which the waters of the lake are admitted to the feeder, the Judge was against Robert, but he adds: "On the other hand the suppliant has, it seems to me, a right to have these gates so regulated and controlled as to give him all the water he is entitled to, consistent with other public or private interests concerned." Further on the Judge says: "With respect to the possession of the feeder itself, except that portion of it which is within the limits of the dyke or public work mentioned, I have not been able to see what public interest

of Canada is served by retaining possession of it, or why it might not without any injury to any such public interest be handed over to the suppliant.

That in view of the remarks made by the Judge and of the fact that Mr. Robert had appealed from the above judgment, it was suggested that some compromise be arrived at on the following basis in settlement of the action: The head-gates of the canal being in the dyke built and maintained by the Government, are the property of the Crown, but they are of no use except for Robert's purposes. An agreement might therefore be made whereby, for a nominal yearly consideration, Robert would be given the control of these gates, undertaking the obligation to operate them in accordance with any directions which may be issued to him in that behalf by the Department of Public Works, undertaking not to cause or permit any overflow or damage and to be responsible for any such if caused, undertaking, further, to maintain and keep the gates in good repair, as well as any bridges for the maintenance of which the Government is responsible, and undertaking, moreover, if this arrangement be found not to work satisfactorily to the Department of Public Works to restore possession and control of these head-gates, etc., to the Department upon reasonable notice and demand;

That Mr. Bartholomew Robert is now dead, but his heirs are agreeable to enter into an agreement with the Crown on the basis outlined above and the accompanying lease has been drafted in accordance therewith.

The Minister, therefore, recommends that authority be given to lease to the heirs of the late J. Bartholomew Robert for a period of 21 years, renewable, at a nominal annual rental of \$1, to become due and payable on the 1st of November, 1909, and the first of November of each ensuing year during the existence of these presents, all the said head-gates and accessories in the seigniory and district of Beauharnois, together with whatever rights the Crown may be possessed of in the said feeder.

The Committee submit the same for approval.

It is signed by Sir Richard Cartwright and approved 9th December, 1909, by Sir Charles Fitzpatrick, Deputy Governor General.

A lease is attached and is to Sarah Robert, widow of the late Joseph Bartholomew Robert, William Henry Robert of the Town of Beauharnois, in the Province of Quebec, Joseph Alfred Robert, of the City of Ottawa, in the Province of Ontario and Sarah May Robert, spinster of the town of Beauharnois, all legal heirs of the said late Joseph Bartholomew Robert, hereinafter called the lessees.

The CHAIRMAN: Mr. Montgomery, the rights under this lease were taken over by your clients.

Mr. MONTGOMERY: Yes.

Mr. WHITE: I understand also, Mr. Montgomery, they were taken over by the Beauharnois Light Heat and Power Co., which has, since the acquisition of those rights paid to the government this nominal rental.

Mr. MONTGOMERY: I understand that to be correct. They were taken over by our clients. They were part of the Beauharnois stock. They have been turned over to the company and go as an incident of the acquisition of the Beauharnois stock.

Mr. WHITE: Just in order that it may be down precisely on the notes, what I understand to be the case is that these rights under this lease were transferred by the heirs Robert to the Beauharnois Light, Heat and Power Company.

Mr. MONTGOMERY: That is right.



Mr. WHITE: Who still have the title to the property.

Mr. MONTGOMERY: It is only the shareholders who have changed, not the company.

Mr. WHITE: Well, the shareholders have not changed either. What the Beauharnois Light, Heat and Power Co. acquired were not these rights but shares in the Beauharnois Light, Heat and Power Co.

Mr. MONTGOMERY: That is what I say, the shareholders have changed not the owners.

Mr. WHITE: I mean they have changed by being transferred to the Beauharnois Light, Heat and Power Co., who are now the proprietors of the old company.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: Just one more question, Mr. Montgomery, it will come out later but I want to clear it up in my mind. The Beauharnois Light, Heat and Power Co. was incorporated prior to 1909. It was incorporated in 1902, I think, was it not.

Mr. MONTGOMERY: That is correct.

The CHAIRMAN: And at its incorporation, or just after its incorporation, it took over certain rights or assets that were then in the original Robert or his heirs.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: The assets that they then took over, did they include the rights under the lease which is presently under discussion?

Mr. MONTGOMERY: I understand so.

The CHAIRMAN: This lease was not anything in addition to what the Beauharnois Light, Heat and Power Co. got immediately after its incorporation.

Mr. MONTGOMERY: This lease was subsequent to the incorporation of the company. This lease was in 1909.

The CHAIRMAN: What I wanted to clear up in my mind was the assets that the Beauharnois Light, Heat and Power Co., took over, I presume immediately after its incorporation, and these were the then rights of the Robert heirs.

Mr. MONTGOMERY: That is as I understand it.

The CHAIRMAN: Did those rights include the rights that were subsequently under review here and re-incorporated—let me put it that way—in this lease?

Mr. MONTGOMERY: I fancy so. I have not checked that personally.

The CHAIRMAN: That will be disclosed later on.

Mr. WHITE: Perhaps Mr. Christie could tell us that off-hand.

Mr. MONTGOMERY: Mr. Christie informs me that Robert turned over to the Beauharnois Light, Heat and Power Co., by the incorporation of which he procured the rights in that feeder canal, then this litigation followed, and then subsequent to the litigation he transferred this lease which is now under discussion.

The CHAIRMAN: This lease was approved in 1909.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: And that lease was entered into as a compromise subsequent to the litigation.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: And this lease would then incorporate all the rights of the heirs, settling their rights, and then the lease was assigned to the Beauharnois Light, Heat and Power Co.

Mr. MONTGOMERY: Yes. Really, that lease, as I always understood it, had to do with the operation of those head gates. At the time they built the Beauharnois canal.

Mr. WHITE: Well, Mr. Chairman, as I read the report of the case in the Exchequer Court, Mr. Robert claimed much more than that. He claimed, as I remember it, all of the rights in that feeder and the right to the possession and the control of the water, and it was declared in the judgment that he was not entitled to them. And, in addition to that, I find some difficulty in regard to the statement of my learned friend, because the action was brought not by the Beauharnois Light Heat and Power Co., but by Robert.

Mr. MONTGOMERY: Yes.

Mr. WHITE: And if he had transferred all his rights to the company previous to the bringing of the action, of course, he would not have had any right on that ground. So there must be some confusion there somewhere.

Mr. MONTGOMERY: Mr. Christie informs me that he had agreed to transfer these to the Beauharnois Light, Heat & Power Co. There was only a charter at that time. The Beauharnois Light, Heat & Power Co., was originally incorporated with the idea of using that feeder and the St. Lawrence river as an exit, a much smaller proposition, and it lay there as a charter for a good many years.

The CHAIRMAN: What I want to get clear in my mind is this: What assets and at what date, or approximately, did the Beauharnois Light, Heat & Power Co., get, what did they get into possession of first?

Mr. MONTGOMERY: In connection with the difficulty that is suggested by my friend, Mr. White, that is, if Robert had actually turned over the possession of this feeder canal to Beauharnois before it was incorporated, one would find some difficulty in seeing why it was they brought the action; but I am informed that, in the first place, the charter of the Beauharnois Light, Heat & Power Co. was obtained at the instance of Robert, that he agreed to turn over this property to the company, but that it had not, in fact, been done at the time this action was taken, and subsequent to that settlement I understand that he did, or rather his heirs turned the thing over to the Beauharnois Light, Heat & Power Co.

Mr. WHITE: That, of course, will all appear in the minute book.

The CHAIRMAN: Then am I right in assuming that the assets of the Robert heirs are reflected in that feeder that has been referred to?

Mr. MONTGOMERY: Certainly the feeder was transferred. Whether the assets were anything outside of that feeder I cannot say definitely.

The CHAIRMAN: That will be disclosed in some document.

Mr. WHITE: I suppose so. They were pretty cheap rights, Mr. Morin informs me, because Mr. Robert bought them from Seigneur Ellice for 20 pounds. That, however, will all appear, Mr. Chairman, when we examine the minute book of the Beauharnois Light, Heat & Power Co., and I would ask now that within a day or two, if it is convenient, we might have access to the minute book of that company and its corporate records and also of the power company.

The CHAIRMAN: Mr. White, I do not want to anticipate because sometimes that only makes it a little more difficult to go ahead; but I am sure the members of the committee, at least those members of the committee that I have talked with and who seem to have the same difficulty, would like to get the information now if we can, so that we can follow the documents more easily as they go in upon the records. What did the Robert heirs supply at

the time of incorporation of the Beauharnois Light, Heat & Power Co.? If they did not own anything which was definible, and did not transfer anything to that company immediately on its incorporation, when were their rights defined and what did they turn over to the Beauharnois Light, Heat & Power Co.

Mr. WHITE: In anticipation only, and not having seen the corporate records but from other documents which I have seen, my impression is that they first agreed to turn over whatever their rights were. Then having agreed to do that the action went against them, and then this Order in Council and lease were granted and that lease was actually turned over when it had been executed.

Mr. MONTGOMERY: I think you will find some explanation in the charter of the company.

The CHAIRMAN: Rather than having to go through the documents now, I think the members would like to hear whether or not the lease that was approved of, and which has just been read, defined for the first time the rights of the Robert heirs, and all their rights. Then if we could have it indicated on the map just exactly what that lease is, it would give us an idea of the starting point, as it were, until we finally get down to the present canal. If any of the counsel could enlighten us, I am sure the members of the committee would like to know.

Mr. MONTGOMERY: So far as the charter itself is concerned, Joseph Bartholomew Robert and other Roberts are the incorporators of the company, and they are authorized to develop the power corporation. Seven empowers them to acquire from J. D. Robert his franchises and contracts, and so on, and water powers, and 9 speaks of the acquisition of the feeder, and gives power to enlarge the feeder, and so on.

The CHAIRMAN: Then they had in contemplation turning over, let us call them, two assets to the company, first, any lease or otherwise, water power, franchises and contracts now owned and operated by Joseph Bartholomew Robert, and so on, then anything that he should acquire later on.

Mr. MONTGOMERY: Eight speaks of the mills which he had on the St. Lawrence river as well, and then 9, the feeder canal.

The CHAIRMAN: Yes. Now can you tell me, Mr. Montgomery, what franchises and contracts are referred to in section 7.

Mr. MONTGOMERY: I can only give you my impression, as I have not personally checked the thing. They had a little power plant I think at that time.

The CHAIRMAN: Located where, do you know?

Mr. MONTGOMERY: It was in the town of Beauharnois, I believe, right at the other end of the river.

The CHAIRMAN: And where did it get its water from.

Mr. MONTGOMERY: It came from that feeder right down the St. Lawrence river. There was no power plant, as I understand it, at that feeder, but there was a power plant at the lower end of the river.

The CHAIRMAN: And that, shortly, was the right of the Robert heirs to the use of the water whatever those rights may have been.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: Which was transferred including the mill and rights that he thought he could acquire later, and which he subsequently did acquire after the lawsuit.

Mr. MONTGOMERY: I cannot tell you now, following the granting of that charter, when the actual transfer took place, whether there was one prior to that suit.



The CHAIRMAN: The only thing he could acquire prior to the suit would be his known rights. He had certain rights he anticipated he would get.

Mr. MONTGOMERY: Well, no. You see, he had acquired this feeder. I think this feeder had been put in by the old Beauharnois company.

The CHAIRMAN: Section 7 says:

Should the company acquire the canal or feeder now belonging to Robert.

That just has reference there to the enlargement or extension of the feeder.

Mr. MONTGOMERY: Apparently, whatever the complication may be about that suit, I see in a deed, which you will probably be producing later on, it recites,—a deed dated the 14th May, 1902, by which Joseph Bartholomew Robert sold and conveyed to the company certain described property—and the first item being the feeder of small canal.

Mr. WHITE: The Chairman is anxious at this stage to know what other property and rights were transferred at that time.

The CHAIRMAN: I am not concerned about the mills or anything of that character, but rights with respect to the waters.

Mr. MONTGOMERY: Well, at that time apparently there was that feeder and certain adjoining lands transferred in 1902.

Mr. WHITE: Were not certain rights claimed by Robert in the St. Lawrence river in addition to whatever rights there were to the feeder?

Mr. MONTGOMERY: I am just reading now from the recital in the deed, which you no doubt have, and the recital refers to a deed of sale by which Joseph Bartholomew Robert transferred to the company in 1902 the property described in the following manner—and I will read the description if you like:

The Feeder or Small Canal in Catherinestown, in the Seigniery and District of Beauharnois, constructed by the late Edward Ellies for the purpose of conveying water from the river St. Lawrence to the River St. Louis; together with about one-half an arpent of land in depth on the Easterly side and one arpent in depth on the Westerly side of said Canal along its whole length or whatever land there may be on either side of said Canal belonging to the said late Edward Ellies, whether more or less than that stated above, but without any guarantee whatever; also the Head Gates and other works, or land in connection with said Feeder or Small Canal. The said property is now known and distinguished on the Official Plan and Book of Reference of the Parish of Ste. Cécile by the Number Three hundred and forty-one (341).

That is all that is in the recital of that deed.

The CHAIRMAN: So that I think we are right in assuming, Mr. Montgomery, that the lease that was approved of by Order in Council 2168 of December 9th, 1909, for the first time referred to the right of the Robert heirs and which was turned over—

Mr. MONTGOMERY: No, I do not take it that way. I think that agreement or lease dealt with the head gates only, did it not, and whatever rights the government might have in the feeder.

Hon. Mr. MACKENZIE: I should like to have a chance of seeing the record in order to consider this thing intelligently.

The CHAIRMAN: I thought probably we might get a clear picture. It might not be with great accuracy, but yet a picture of what was sold by the Robert heirs to the Beauharnois Light, Heat & Power Co., and then compare that with the present project. If all the Robert heirs had to turn over was works on the feeder canal, and the right down where their mill was located, then the best

that could be said of the rights in comparison to the present project was that the Robert heirs really do not figure much in the picture at all. That is the way it would appeal to me.

Mr. MONTGOMERY: I do not think they did, I think while they acquired the rights of the Robert heirs, this feeder, this is to my mind more or less a new project which was authorized by the amendment to the charter.

Mr. LENNOX: Mr. White was going to read the lease.

Mr. WHITE: Here is what is stated in the lease. There are certain recitals, and I thought you would like to know what actually was acquired by the Roberts:—

1. That the lessees are entitled to a supply of water from Lake St. Francis and the River St. Lawrence into and through the said feeder,—the extent and nature of which have not been and will not now be determined.—

Mr. JACOBS: That is clear.

The CHAIRMAN: That is as clear as mud.

Mr. WHITE: (reading)

2. The lessees recognize and admit that the said head-gates controlling the supply of water to the feeder form part of the dyke along the shore of lake St. Francis and are the property of the Lessor as part of the said dyke, and that the Lessor is entitled to the control thereof subject to the right of the Lessees to require such supply of water as they may be entitled to.

And that raises a very nice question, I should say, as to whether their successors would be bound by that acknowledgment.

3. That the Minister in consideration of the rents, covenants, provisos and conditions hereinafter contained has granted, demised and leased, and by these presents doth grant, demise and lease unto the said Lessees all the said head-gates and accessories together with the use and enjoyment of so much water passing and to pass through the said gates as it may be possible for the Lessees to take, including also all the rights, if any he have, of the Lessor in the said feeder.

It appears to be a direct grant from the Dominion to Robert of all the water he can take through that feeder. Whether the Dominion had the right to make that grant or not may be subject to discussion. Now, that is what was actually granted.

Mr. MONTGOMERY: I do not know that that grant figures particularly now anyway.

Mr. WHITE: This appears to have been the thin edge of the wedge.

Mr. MONTGOMERY: Well, no. There was a charter there and certain rights which would have conflicted with this project. They acquired that and had it changed to an entirely different one.

Mr. WHITE: Well, it has been suggested that the claims ultimately were based on the ownership of this feeder or the right to use the water passing through the feeder.

Mr. MONTGOMERY: No.

Mr. WHITE: I say it is claimed that, Mr. Montgomery. That may not be the fact at all.

Mr. MONTGOMERY: At the time that they applied to Quebec they changed that charter, because the rights,—undoubtedly those rights you have referred to were vested in that company and still are, and they still hold them for what they are worth,—and still pay the rental on that feeder canal which they are not using at all for this purpose.

Mr. WHITE: Then we pass on to Order in Council P.C. 3136, 18th December, 1920, which will be Exhibit No. 13. That is an Order in Council amending the terms of the lease of the 10th December, 1907. That is the lease referred to in Order in Council P.C. 2168 of 1909. This one is not so long.

Mr. MONTGOMERY: That has to do with the Canadian Light and Power Company.

Mr. WHITE: Quite so. Then we are not concerned with that.

Then the next one is P.C. 1198, 30th July, 1926, marked "permission to the Canadian Light & Power Company to replace or reconstruct certain works referred to in clause 3 of the 10th, December, 1907", and with that again we are not concerned.

The next one is P.C. 1465, 23rd July, 1927, marked "permission to the Canadian Light & Power Company to remove the swing bridge over lock 13". Again I think I need not trouble the committee with that.

The CHAIRMAN: Those last three Orders in Council, P.C. 3136, P.C. 1198 and P.C. 1465 we are not concerned with. Are we numbering them as exhibits.

Mr. WHITE: I would suggest that we should, Mr. Chairman, in case any question arises as to whether the committee has fully examined all the Orders in Council pertaining to the project.

The CHAIRMAN: They will be numbered then, 13, 14 and 15.

Sir EUGÈNE Fiset: Will they be read into the record.

Mr. WHITE: I think not. I think perhaps it would be sufficient to say, from the discussion which has taken place here, that these have simply been examined and are not pertinent to the question before the committee. That same thing applies to P.C. 2239 dated 22nd December, 1928, authorizing the renewal of the lease of the Canadian Light & Power Co.

Then there are no plans attached to any of these, and I suggest, Mr. Chairman, that perhaps they might be photographed and copies supplied and returned to Mr. Lemaire.

Sir EUGÈNE Fiset: Mr. Chairman, do I understand that only Order in Council P.C. 2168 has any reference to the Beauharnois, of the Orders in Council produced to-day.

Mr. MONTGOMERY: I think that is correct.

The CHAIRMAN: P.C. 2168 of 1909 is the only Order in Council that has a direct bearing on the Beauharnois project, as I see it. These other Orders in Council to which reference has been made I think they were right in referring to them because the Reference is quite wide, and we can at least say we have examined them and found they have no bearing.

Mr. WHITE: More for the purpose of elimination.

*By Mr. White:*

Q. Now, Mr. Lemaire, as clerk of the Privy Council will you tell the committee whether the Orders in Council which you have now produced are all of the Orders in Council referring in any way to this project.—A. So far as I know, sir.

Q. Well, do you know? You have searched to find out.—A. I have searched, sir, and to the best of my knowledge those are the only Orders in Council. I mentioned to you before that a complete file of these things would be over in the department concerned more readily than in my custody, because of the difference in the system of filing.

Mr. WHITE: I have mentioned that to the committee, but there was a purpose in asking you, as the clerk of the Privy Council, to make a thorough search.



The CHAIRMAN: We go right to the fountain head for our information.

Sir EUGÈNE FISET: The head is dry.

Mr. WHITE: I am proposing now to take up with the committee the plans attached to Exhibit 1, that is, Order in Council 422, and if my learned friends desire to ask Mr. Lemaire anything perhaps now would be a convenient time.

Mr. MONTGOMERY: We do not want to ask him anything.

Mr. WHITE: Apparently nothing is required of Mr. Lemaire. Then we will not need you for a while, Mr. Lemaire.

The WITNESS: I understand, Mr. Chairman, that the orders that were left here yesterday have been copied, so that they can be released to me now.

The CHAIRMAN: I am informed that the orders which have been produced have been copied and certain copies are available and, with your approval, I suggest that Mr. Lemaire be permitted to take those originals back to the Privy Council because they should not be left out of his possession.

The WITNESS: The same thing applies to those that I am leaving this afternoon.

The CHAIRMAN: Yes, that is quite satisfactory to the committee.

Mr. WHITE: They have not yet been copied, Mr. Lemaire.

The WITNESS: I understood they had been.

Mr. WHITE: Whatever data we have mentioned here we were to have photographed, I understood, and copies supplied.

Witness retired.

JOSEPH A. DROUIN, called and sworn, examined by Mr. White.

*By Mr. White:*

Q. You, Mr. Drouin, I understand are in the Department of Public Works.  
—A. Yes, sir.

Q. And in charge of the records.—A. The Records Office.

Q. And you have, at my request, compared the original 12 plans which were filed yesterday by the Clerk of the Privy Council as part of Exhibit 2 with the plans which you now produce from your department, and what do you say as to whether they are identical.—A. They are identical, sir.

Q. And you can leave your plans with us.—A. Yes.

Q. So that these may be returned to Mr. Lemaire. The plan which you now produce and which will be marked as Exhibit 2A is substituted for the original Exhibit 2.

The CHAIRMAN: There were 12 plans and these are copies.

Mr. WHITE: Yes.

*By Mr. White:*

Q. You have also produced a small parcel of papers from your department. Will you tell me what they are?—A. They are all the papers contained in the file referring to the application of the Beauharnois Light Heat & Power Co.

Q. Have you any other documents in the department relating to what is called the project of the Beauharnois Light Heat & Power Co. or the Beauharnois Power Co.?—A. I think those are the only files we have, as far as I know.

Q. And you have searched to find out?—A. I have searched to find out.

Q. Carefully?—A. Carefully, yes, sir.

Q. And you say that these are the complete documents?—A. Yes, sir.

Q. Now, this bundle starts with file 804-1B and is entitled Department of Public Works, Beauharnois Power Development, File 804-1B, December 29, 1927, to July 14, 1928?—A. Yes.

Q. Containing how many pages?—A. 223 pages.

Q. 223 pages?—A. Yes.

The CHAIRMAN: Are you going to read all of it.

Mr. WHITE: Undoubtedly. I have read them all already.

*By Mr. White:*

Q. 804-1C is the next file.

The CHAIRMAN: Are we putting those all in as one exhibit?

Mr. WHITE: I thought so, sir.

The CHAIRMAN: They will go in as Exhibit No. 17.

*By Mr. White:*

Q. 804-1C, the file from July 16, 1928, to December 17, 1928.—A. Yes.

Q. Containing 287 pages?—A. Yes.

Q. 804-1D, containing 280 pages, is the file from December 17, 1928, to April 15, 1929?—A. Yes, sir.

Q. The next file is 804-1E, from April 17, 1929, to December 28, 1929, containing 208 pages?—A. Yes, sir.

Q. Correct?—A. Yes, sir.

Q. And the next file is not completed yet, I understand. It is from December 28, 1929, to the 16th of June 1931?—A. Yes, sir.

Q. 173 pages?—A. Yes, sir.

Q. Now, there is just one document I would like you to find for me if you can, and that is a letter from the Minister of Public Works to the Minister of Railways and Canals on or about January, 1929, requesting the services of one of the engineers of the department to act on a joint committee to consider the proposal of the Beauharnois Light, Heat & Power Co. This is the letter that I wish to refer to. It is in file 804-1D, and is a letter dated January 9, 1929, or a copy of a letter rather, from the Minister of Public Works.

The CHAIRMAN: Do you want that in as a separate exhibit?

Mr. WHITE: No. I am just referring to it, sir. It is from the Minister of Public Works to the Honourable Charles Dunning, Minister of Railways and Canals. It says:

The Beauharnois Light Heat & Power Co., have applied to the governor in council for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use, an initial flow of 40,000 cu. ft. per second.

That is important, it seems to me, as the views of the Minister at that time as to what the substance of the application was:

application for all such authority from the Dominion government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cu. ft. per second.

The CHAIRMAN: What is the date of that letter?

Mr. WHITE: January 9, 1929, sir.

the application is dated January 17, 1928, and a copy was sent to you as Minister of Railways and Canals.

The proposed works with the consequent diversion of the waters of the St. Lawrence River are directly of interest to your department in the possible effect on the Soulanges Canal, on the Beauharnois Canal, leased to the Canadian Light and Power Company, and the dyke known as the "Hungry Bay" dyke on the south side of Lake St. Francis. You have

had from the Beauharnois Light Heat & Power Company an application in connection with the Hungry Bay Dyke, and have had from the Canadian Light and Power Company an application in connection with the enlargement of the Beauharnois Canal, and you will no doubt wish to assure yourself that the interest with which your department is charged is fully safeguarded.

Since the appointment of the first International Board of Engineers on the St. Lawrence river study the Engineers of your department have played the leading part in this study, and this has comprised a period of some eight years, being commenced under the late Chief Engineer, W. A. Bowden, and subsequently carried on under the chairmanship of D. W. McLachlan by the enlarged International Engineering Board.

The first International Board of Engineers was appointed in 1920 and the report of the enlarged Engineering Board, which was appointed in 1924, was dated November 16, 1926, so that the matter may be considered to have been under close and special engineering study for practically eight years. The Engineers of this department did not take part in these studies, and therefore have not the knowledge which comes from such an intimate study of a problem of unusual magnitude.

While the report of the enlarged Engineering Board made in 1926 gives its findings and considerable information on which the recommendations, or findings, are based, yet the experience gained in making the studies and the detailed information available in support of the findings will be of the utmost value in a study of any proposal of part of the scheme, especially of a scheme of the magnitude of the proposed Beauharnois work.

I feel that, in view of the recommendations made by the original International Board and of the recommendations made by the enlarged Engineering Board in 1926, through the government of Canada and the United States, and in view of the direct interest of your department in the possible effects of the works proposed on navigation, it would be highly desirable to have the knowledge, assistance and advice of your engineers on this matter, and trust you will see fit to instruct Mr. D. W. McLachlan to give the Chief Engineer of this department his fullest cooperation in advising and assisting in the study which is necessary before a pronouncement may be made.

In view of the very great importance of this matter, I am asking Mr. Stewart also if he would direct Mr. Johnston, Director of the Water Powers Branch, to give a similar degree of attention to this matter as asked through you of Mr. D. W. McLachlan.

The CHAIRMAN: That letter is from?

Mr. WHITE: From the Minister of Public Works to the Minister of Railways and Canals, from Mr. Elliott to Mr. Dunning.

*By Mr. White:*

Q. A similar letter was sent to the other department, I understand.—A. The Department of Interior.

Mr. WHITE: The bearing of that is this, as I see it, Mr. Chairman: While I have taken the liberty of reading it now, it will appear later that a committee of engineers, composed of Mr. McLachlan, Mr. Johnston, Mr. Cameron, the Chief Engineer of the Department of Public Works and a Mr. Cote, another engineer of that department, I think, made a report which I shall have to lay before you, and this is apparently the way in which that committee of engineers was gotten together.



Sir EUGÈNE Fiset: That report has already been mentioned in P.C. 422.

Mr. WHITE: I am afraid I will have to trouble the committee with the whole report because the extract does not quite, I think, bear out what was actually in the report, and there may be some evidence in regard to that.

That will be all unless my learned friends wish to ask Mr. Drouin something.

The CHAIRMAN: With respect to those now that have been marked as Exhibit 17 have you been able to determine whether or not we will have to go through those files.

Mr. WHITE: Well, that raises a question that has been bothering me for some time, Mr. Chairman, and it is this: It is a tremendous task to go through those files and ascertain what documents are or are not pertinent. If Mr. Morin and I had someone who could do that for us it would help a great deal, because it is going to be impossible for us sitting from day to day to keep the committee employed if we have to peruse files of this magnitude.

Mr. JACOBS: I would suggest that you turn them over to the Chairman to read carefully to-night and then report to us.

Mr. WHITE: Why not the Prime Minister, he has not anything to do.

Mr. JACOBS: Well, he is not on this committee.

Mr. WHITE: However, we will not be taking them up to-day, and that is a matter that could be considered. I thought perhaps by some such means as that considerable time of the committee might be saved, and if Mr. Morin and I had the services of some junior counsel here on whom we could rely and who would do that work for us, it would help a great deal.

Sir EUGÈNE Fiset: Mr. Chairman, may I ask if a precis has been prepared of any of those files. If so, I think it would simplify the work a great deal.

Mr. WHITE: There is no such thing, Sir Eugène. And then, of course, it may be a matter of opinion as to what is or what is not pertinent.

Sir EUGÈNE Fiset: You had better peruse them yourself.

Mr. JACOBS: Mr. Gardiner really raised this whole question, and I think it ought to be a punishment to him to read them.

Mr. WHITE: Mr. Gardiner, as a matter of fact, has done a tremendous amount of work in connection with the matter.

Mr. JACOBS: Well, if he has gone through them and is satisfied, we will be satisfied.

Mr. WHITE: We will find some way of going through them so that the committee will have everything before them that is of importance.

This is the plan which was attached to Exhibit 1, or rather referred to in Exhibit 1. This first one appears to be the general plan of the work. This is entitled The Beauharnois Light, Heat and Power Company, Hungry Bay, Melocheville Project, General plan of Proposed Development, Typical Canal Sections for 40,000 C.F.S. diversion. It is on a scale which is not mentioned, and this appears to have been prepared by Frederick B. Brown, M.S.C., consulting engineer, Montreal.

Mr. STEWART: Is the date there, Mr. White?

Mr. WHITE: There is no date on it. It is marked here by Mr. Lemaire as P.C. No. 422.

The location of the entrance to the proposed canal becomes of some importance, and the engineers will have to speak as to whether the actual canal is in the location shown upon this plan, my understanding being—and I do not want this to be accepted as my stating the fact—that there is considerable difference in the location of the entrance to the canal.

You will observe that the width of the canal is not mentioned in figures upon this plan; but I am informed—and there will be evidence to the effect—that the scale shows it to be about 4,000 feet.

The CHAIRMAN: At Lake St. Francis?

Mr. WHITE: No, practically all the way. At Lake St. Francis it is very much narrower.

Sir EUGÈNE Fiset: Are you sure that those two diagrams at the end do not mention the width?

Mr. WHITE: Yes, I think they do. As Sir Eugene has pointed out, the cross-sections on the right-hand side of the plan do show it to be a width of 4,000 feet. And apparently the bottom elevation for part of the distance, is shown in both of these sections, and the rest of the 4,000 feet is shown to be below.

The plan indicates the relative position, of course, of Valleyfield, and it shows that the entrance to the canal is quite narrow, I should say 600 feet, according to the scale. It may be a little more or a little less.

Sir EUGÈNE Fiset: But, Mr. White, that is the ground plan. There is nothing whatever to show the depth of the water of the canal itself.

Mr. WHITE: It just shows the location of the plant.

Sir EUGÈNE Fiset: It is what is called the ground plan. The engineer of the department will bear me out in that.

Mr. WHITE: The cross-sections show the depth of the water elevation, and the elevation of the bottom of the ditch both at the deep part and the shallow part. I think that is all.

There is also a plan—

The CHAIRMAN: That is one of the small plans of the 12.

Mr. WHITE: Yes, showing some detail of control works, called plate No. 5, 29—15 feet by 17 feet—

Sir EUGÈNE Fiset: Those are detail plans.

Mr. WHITE: No, I do not think they are detail plans. They are general plans.

Sir EUGÈNE Fiset: But surely they are detail plans.

Mr. WHITE: I would not call them detail plans. I need not bother you at this stage anyway with anything further about that.

Mr. MONTGOMERY: Are you giving those plans any special number?

Mr. WHITE: They are all part of Exhibit 2A. Then this is a typical cross-section through a unit by the power house, and the plan of the power house No. 1. It is made by W.S.L., Walter J. Francis & Co., consulting engineers, and is dated May, 1927.

Then this is a plan, plate No. 1, it is called, entitled Plan Showing Location of Control Works, etc.

Plate No. 8, site of hydraulic gradings and cross-section looking downstream from the dock.

Then there is plate No. 7, profile showing water surface lines of St. Lawrence river along proposed navigation channel and location of control and remedial works considering the diversion of 40,000 cubic feet per second from Lake St. Francis. The engineers will have to enlighten you about that.

Then there is a plan—it is called Hungry Bay-Melochville project, profile section of control works, etc., prepared by Brown, Hogg & Lee, and it is called Plate No. 2.

Sir EUGÈNE Fiset: Are the details on the right-hand of your diagram there?

Mr. WHITE: I do not know enough about it to say whether they are details or not.

Then Plate No. 4 is a diagram of present water levels of the St. Lawrence for given discharges considering sections AA to HH in red from Coteau Landing to Coteau du Lac.

Then there is Plate No. 3, which is a curve showing the relation between gauge readings at Coteau Landing and Lake St. Francis and discharges of the St. Lawrence river.

Plate No. 9 is a set of hydraulic gradings.

Plate No. 6 is a plan showing proposed route for river navigation and location of proposed control and remedial works considering a diversion of 40,000 cubic feet per second.

This is a small plan showing pretty well the remedial works in the river.

The next and last is Plate No. 10 showing a set of hydraulic gradings. It appears to deal with the location and the quantity levels and velocity. Those are the 12 plans that are attached to the order in council.

*By Mr. White:*

Q. Now, Mr. Drouin, have you a plan in your department showing how this project is being completed, a plan giving the same information as to the finished project, the same as those 12 plans.—A. I do not think we have, sir.

Q. You think you have not.—A. No.

Mr. MONTGOMERY: They have plans, later plans.

Mr. WHITE: Mr. Christie was kind enough to say that he would let me have a plan—

The CHAIRMAN: The working plans that you are now working to.

Mr. MONTGOMERY: Yes.

Mr. CHRISTIE: It is in one of the documents that we gave you, Mr. White.

Mr. WHITE: Mr. Christie was kind enough to give me a letter dated August 22, 1930, from the Beauharnois Light, Heat and Power Co., by Hugh B. Griffith, secretary treasurer to Mr. Hunter, Deputy Minister of Public Works, Ottawa, which is as follows:

In pursuance of Condition No. 11 of the Order in Council of the 8th March, 1929 (P.C. 422), approving the site and the general plans thereto annexed for the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now, after consultation with the engineers of your department, submitting for your approval the following:

Document No. 60: "Detailed Plans of Construction and Information for the Minister of Public Works, etc.," dated August 20, 1930, containing Memorandum of Information, and—

Drawing No. 291-60-1; General Plan and Profile of Proposed Development, dated August 20, 1930.

Drawing No. 291-60-2; Typical Cross Section of Canal and Embankments, dated August 20, 1930.

Drawing No. 291-60-3; Plan showing Forebay, Powerhouse and Tailrace, dated August 20, 1930.

Drawing No. 291-60-4; Preliminary Cross Sections through Powerhouse and adjacent Structures, dated August 20, 1930.

Drawing No. 291-60-5; Preliminary Sectional Plan of Powerhouse, dated August 20, 1930.

Drawing No. 291-60-6; Plan showing Location and Details of Dams Nos. 1, 2 and 4 for Control Works, dated August 20, 1930.



Drawing No. 291-60-7; Plan showing Location of Canal in Relation to Properties Controlled, dated August 20, 1930.

The plans and documents listed above are intended to supersede those enclosed with our letter dated July 29, 1929 to the Minister of Public Works.

Mr. MONTGOMERY: You will find the letter of July 29, in that file too.

Mr. WHITE (reading):

We shall be glad at any time to send a representative to furnish any further information or explanations which you may wish to have.

Mr. LENNOX: What is the date of that letter.

Mr. WHITE: August 22, 1930.

The CHAIRMAN: From?

Mr. WHITE: From the Beauharnois Light, Heat and Power Co., per Hugh B. Griffith, Secretary Treasurer, to Mr. Hunter, Deputy Minister, Public Works Department.

The CHAIRMAN: You are putting it in as an exhibit.

Mr. WHITE: I will put in the letter and plans attached as Exhibit 19. Letter dated August 22, 1930, with accompanying documents.

The CHAIRMAN: And attached to that letter are the plans.

Mr. WHITE: Yes. The original of that letter is on page 34 of Exhibit 17, 804-1F. That is the current file.

Then what I would like just to refer to here before I turn up the letter is the drawing No. 291-60, which general plan and profile of proposed development is dated August 20, 1930. That shows—and we will be able to speak more accurately of it when we have an engineer here who will explain it—the width of the canal to be 3,348 feet, reports of the department, and apparently it is the same width at the intake at Lake St. Francis. It shows the dock which I have spoken of quite clearly, which is at present across the entrance to the proposed canal and which will have to be bridged.

The CHAIRMAN: Bridged to that width, will it?

Mr. WHITE: Apparently.

Mr. MONTGOMERY: The whole width.

Mr. WHITE: The actual construction, from reports which I have seen in the department, is about 3,308 feet instead of 3,348. The deep part of the canal is shown on the north side of the canal as it is being constructed. The engineer will be able to speak as to the change in the location here, and there is some question about certain curves. I understand, however, that the work has been constructed according to the plan on which it is being constructed, conforming to the 65,000 feet.

Mr. WHITE: That is the only one of these plans which I desire to bring to the attention of the committee at present.

There is a letter here referred to, to which Mr. Montgomery called my attention, of July 29th, 1929. I shall file a copy of this letter. The letter is found on page 143 of exhibit 17, 804-1 E. It is from the Beauharnois Light Heat and Power Company, and addressed to Hon. J. C. Elliott, M.P. It is signed by R. O. Sweezey, president, and Hugh B. Griffith, secretary. The letter is as follows:—

In pursuance of condition No. 11 of the order in council of the 8th March, 1929 (P.C. 422), approving the site and the general plans thereto annexed for the works proposed to be constructed by this company along the St. Lawrence River between Lake St. Francis and Lake St. Louis, we are now submitting for your approval three documents or books as follows:—

Document No. 19: Detailed plans of construction and information for the Minister of Public Works, etc., dated 9th May, 1929, containing memorandum of information and,—

Drawing No. PQ-31-P-21: Plan showing location of structures, dated April 1, 1929.

Drawing No. PQ 31-P-22: Plan showing location of structures, dated April 1, 1929.

Drawing No. PQ-31-P-23: Preliminary cross-sections through power house and adjacent structures, dated April 1, 1929.

Drawing No. PQ-31-P-24: Preliminary sectional plan of power house, dated April 1, 1929.

Drawing No. PQ-31-P-25: Typical section through canal, dated April 1, 1929.

Drawing No. PQ-31-P-26: General plan and profile of proposed development, dated April 1, 1929.

Drawing No. PQ-31-P-27: Map showing lands affected, dated April 1, 1929.

Drawing No. 291-6-P20: General plan and profile showing location of control works, Dams 1, 2 and 4, remedial works, Cribs Nos. 5 to 14, dated April 20, 1929.

Drawing No. 291-6-P21: Plan showing location and details of Dams Nos. 1, 2 and 4, and Cribs Nos. 5 and 6, dated April 20, 1929.

Drawing No. 291-6-P22: Plan showing location and details of rock fill cribs Nos. 7 to 10, dated April 20, 1929.

Drawing No. 291-6-P23: Plan showing location and details of rock fill cribs Nos. 11 to 14, dated April 20, 1929.

Document No. 19 A. 'Plans of the Lands Affected,' dated 9th May, 1929, containing description and,—

Drawing No. 291-2-13 (PQ-31-P-27): Map showing lands (hatched), dated April 1, 1929.

Drawing No. 291-3-11: Plan of deepwater lot in Lake St. Francis near Grosse Pointe, dated April 20, 1929.

Drawing No. 291-3-12: Plan of deepwater lot in Lake St. Louis near Melocheville, dated April 20, 1929.

Drawing No. 291-3-13: Plan of deepwater lot in St. Lawrence River at Coteau Rapids, dated April 20, 1929.

Drawing No. 291-3-14: Plan of deepwater lot in St. Lawrence River near Ile Juillet, dated April 20, 1929.

Drawing No. 291-3-15: Plan of deepwater lots in St. Lawrence River near Village of Les Cedres, dated April 20, 1929.

Drawing No. 291-3-16: Plan of deepwater lots in St. Lawrence River in Split Rock and Cascades Rapids, dated April 20, 1929.

Document No. 19B: 'Plan and specification for proposed diversion of St. Louis River and of St. Louis Irrigation Ditch' dated May 9, 1929, containing specification and,—

Drawing No. 291-25-P4: Profiles and sections of St. Louis River and sections of St. Louis Irrigation Ditch showing existing and proposed conditions.

We shall be glad at any time to send a representative to furnish any further information or explanations which you may wish to have.

Mr. WHITE: We have at first a general plan which was attached to Exhibit One; we have a plan sent on July 29, 1929, called "general plan and profile of proposed development—"

Mr. MONTGOMERY: Are you putting those plans in also?

Mr. WHITE: Are they here?

The CHAIRMAN: Tell me this, at this juncture, without going into details, are the plans that you are presently working to very materially changed or altered from the plans that you submitted and that became part of the Order in Council P.C. 422?

Mr. MONTGOMERY: Not greatly. There is a change on the intake. You might have noticed in the plans submitted that the entrance is I think, 1,100 feet, and that is broadened out to 4,000. Section 5 says 4,000 straight through. That is the point referred to in the July 29th letter, and the third plan shows 3,348, is it?

The CHAIRMAN: The third plan, is that your working plan?

Mr. MONTGOMERY: Yes.

Mr. WHITE: When you say "working plan" you mean—

The CHAIRMAN: The plan presently working to.

Mr. WHITE: I understand that the intake of Lake St. Francis has been moved a considerable distance from its location according to the plan attached to Exhibit No. 1.

Mr. MONTGOMERY: I do not know that it has been moved; it has been widened.

Mr. WHITE: The location is quite a distance south of where it originally was, as I understand it.

Mr. MONTGOMERY: It has been widened there.

Mr. WHITE: I think you will find on examination of the plan,—

Mr. MONTGOMERY: As they got on the ground there were certain changes due to the finance and nature of the rock.

Mr. WHITE: Exactly. Now, Mr. Montgomery has mentioned it, I did not intend to mention it at this stage but I am told that, and there will be evidence to the effect, when they took their boring, they found they could dig more cheaply by moving the entrance from Lake St. Francis about a half mile or a little better. I put in the letter of July 29th, which was furnished me by the company, and a copy of the plan therein referred to, as furnished by the company to me.

Sir EUGÈNE Fiset: These are the second plans and the third plans.

Mr. WHITE: Yes.

The CHAIRMAN: Exhibit No. 18 is a letter dated August 22nd, 1930 from the Beauharnois Company to J. B. Hunter with plans attached. You refer now to a letter which appears on page 34 of exhibit 17? Now, is this another letter?

Mr. WHITE: This is a copy of that letter which I am filing for convenience with copies of the plans referred to in that letter.

Mr. STEWART: Another plan entirely? The one that you have there is dated July 29th, 1929?

Mr. WHITE: Exactly.

Mr. STEWART: The other one was August 22nd, 1930.

Mr. WHITE: General Stewart, the letter of August 22nd refers to a letter of July 29th, and the plans attached are sent with the August letter in substitution of the plans sent with the July letter, and I am now filing the July letter, or at least a copy of it, as a separate exhibit with the plans which were attached to the July letter, or copies of the plans.

The CHAIRMAN: Exhibit No. 19.

Mr. STEWART: There are three sets of plans?

Mr. WHITE: Yes, the original attached to Exhibit 1; there is one in July with a letter of July 29th, and one with a letter of August 22nd.



Mr. MONTGOMERY: July 29th, 1929, and August 22nd, 1930?

Mr. WHITE: Yes.

Mr. MONTGOMERY: One year later

Mr. WHITE: A year and a bit.

Mr. MONTGOMERY: A year and a bit.

JAMES B. HUNTER, a witness called and being duly sworn, testified as follows.

Sir EUGENE Fiset: May I ask if Exhibit 19 contains the plans on which the company is working at the present time?

Mr. WHITE: I was just going to ask Mr. Hunter that very question.

Sir EUGENE Fiset: Now, we have at the present time, three sets of plans that have been submitted to the committee; first there is the plan attached to the order in council; secondly plans dated August 22nd, 1930, and thirdly, plans dated 29th July, 1929. There are three sets of plans.

The CHAIRMAN: We are going to get over to the working plans very shortly.

Mr. WHITE: That is the very reason why I asked Mr. Hunter to be called.

*By Mr. White:*

Q. Mr. Hunter, you are the Deputy Minister of Public Works of Canada?  
—A. Yes.

Q. And have been in the department, I understand, for a number of years?  
—A. Thirty years.

Q. About 22 years?—A. Thirty years.

Q. And Mr. Drouin has been, I understand, instructed by you to produce for our inspection all of the documents in the file or files of the department of which you are deputy, relative to the Beauharnois project?—A. Those.

Q. Speaking of them by and large, these five files comprise everything from the date of the application back in 1927 or 1928, and there is no other file in the department that refers to these matters?—A. In this application, no sir.

Q. Is there, or is there not?—A. No.

Q. You say "in this application". Do I infer from that that there may be another file dealing with the Beauharnois matter?—A. No. There are other files, that I had in mind, dealing with other applications for development in this Soulanges section of the St. Lawrence river, entirely different, nothing to do with this application.

Q. I see. Now, while the matter is fresh in my mind, and at the suggestion of one of the members of the committee, are you able to tell us, not from first hand information, of course, but from the reports of your inspecting engineers, the inspecting engineers of the department, whether the Beauharnois Power canal, shall we call it, the works authorized by Order in Council, 422, Exhibit 1, are being constructed in accordance with either the general plans attached to Exhibit 1, or the general plan which was sent to your department with a letter of July 29th, 1929, or with the plan, the general plan sent to your department with a letter of August 22nd, 1930?—A. The plan—

Q. Or any of them.—A. The plans accompanying the letter of August 22nd, 1930, are practically the detailed plans called for by that condition in the Order in Council.

Q. I am not asking that at all. What I was asking was as to the general plan, not the detailed plan.—A. Well, the detailed plan is what they work to.

Q. Well, I appreciate that, but there is a general plan attached to Exhibit 1, which is the original.—A. That was filed with the application.

Q. Yes.—A. And approved.

Q. Yes. There is a general plan sent you in July 1929 and another general plan—I am not talking of detailed plans—a general plan sent to you in August, 1930. Now, I am asking you if any of those plans are the ones under which this work is being actually constructed?—A. August 22nd, 1930, I would say.

Q. Are you satisfied that you are correct when you say that?—A. That is my opinion. The engineers are in charge of that. That is what I am informed. As you said, I cannot have it first hand.

Q. You are informed?—A. Second hand, by the engineers in charge.

Q. By the engineers in charge of construction?—A. By the engineers in charge of construction, yes sir.

Q. The department, I understand, is so interested in this work, that they find it necessary to have engineers on the work practically continuously to determine the quality of work, as it proceeds?—A. That is correct.

Q. And you get reports, which are in these files, from time to time, from your engineers, and from these reports, I take it, you have come to the conclusion that the plans, according to which the works are actually being done, the general plan is that of August 22nd, sent you with the letter of August 22nd, 1930?—A. That is correct.

Q. The actual width of this canal as dug, according to your reports, is, I understand, 3,308 feet?—A. Not as dug, no.

Q. No?—A. That is the distance between the dykes.

Q. Well, that is what I mean.—A. There is quite a difference.

Q. And the dykes themselves, of course, are an integral part of the, shall I say, construction of the canal?—A. Oh, quite.

Q. And, originally—

Mr. HELLMUTH: Should not this witness, who certainly is familiar with the matter, give the evidence rather than counsel? I do not want to take a technical objection, but it seems to me this witness must be able to give evidence as to what is being done without being led or rather having the answers almost put in his mouth? I do not know it is very material, but it may be at a later stage.

The CHAIRMAN: I think, Mr. Hellmuth, that if we can make a little headway by allowing counsel to lead in connection with these matters that we may save time, and when the occasion arises where counsel is probably leading and unconsciously giving a wrong impression of what the witnesses' evidence is, we will stop it.

Mr. HELLMUTH: It seems to me that the first plan that was filed with the Order in Council issued the general work while the other plans that were sent forward with these letters were exactly what this witness has stated, detailed plans, and I think perhaps the committee at a later stage might see that the general plans and the detailed plans stand upon exactly the same—

Mr. WHITE: There is no question about that. My learned friend is quite right in his last statement, just as right in his last statement as I think he was wrong in his first statement.

Reference was made when I was reading the Order in Council—my friend was not here—to the fact that these conditions, particularly the one paragraph which said that the detailed plans were to be approved by the minister. But I was not referring to that, and you did not understand that did you, Mr. Hunter, or did you?

The WITNESS: Well, the position is as Mr. Hellmuth states, the general plan and the detailed plans are practically the same, except one is more elaborate than the other, covering the same ground.

*By Mr. White:*

Q. Well, what I want to get at, and I must ask you the question fairly, is this work being constructed according to the general plan attached to exhibit 1, the original order in council 422?—A. From my knowledge I would say substantially it is.

Q. Well— A. But you will have to get the engineers to tell you that.

Mr. WHITE: All right.

Hon. Mr. CANNON: Mr. Chairman, we will appreciate very much if arrangements could be made so that the witnesses would stand somewhere so that we will be able to hear them.

Mr. WHITE: It is a question, Mr. Cannon, whether the committee or counsel is going to hear the witness.

Hon. Mr. CANNON: I suppose both should hear.

Mr. WHITE: It is pretty difficult to arrange it.

*By Mr. White:*

Q. You say substantially, but it is a matter that really ought to be answered specifically.—A. The engineers will speak for that.

Q. They will be able to tell us?—A. They will be able to tell you exactly in what respects any departures have been made. My understanding is they are only minor ones, and substantially the plan is being adhered to.

Q. The reducing from 4,000 feet to 3,308 feet, is that a minor difference?—A. Well, that would be a matter that would have no significance for us, because we are just interested in the navigation end of it.

Q. Are you prepared to say it would not affect navigation?—A. No, it is an engineering question.

Mr. HELLMUTH: I did not get that.

Mr. WHITE: He said, "that is an engineering question."

The WITNESS: That is an engineering question, was my answer.

*By Mr. White:*

Q. Are you able to tell me, Mr. Hunter, whether, as appears by the files which you say are the only files in the department, relating to this application, there is any approval by the Minister evidenced in these files of the plans attached to the letter of July 29th, or sent with it, or the plans sent with the letter of August 22nd, 1930?—A. None.

Q. None. May we take it that there was no approval by the minister of those plans?—A. The minister has never approved of any plan.

Mr. JACOBS: You hear better, now, don't you, Mr. Cannon?

Mr. WHITE: He said the minister has never approved of any plan.

Q. Do you know why the work proceeded without the approval of the minister of the plans?—A. Well, the work that had been done is entirely on the company's property, not in the river. I suppose that was their business.

Q. I am not talking about the doing of the work, exactly. I have reference to a paragraph to the original order in council which provided for the approval of the minister to the detailed plans.

Mr. JACOBS: I cannot understand. Mr. Hunter says the minister has never approved of any of these plans.

Mr. MACKENZIE: Detailed plans.

Mr. WHITE: Any plans.

Mr. JACOBS: Any plans. The work is proceeding all the time.



The WITNESS: The work has been proceeding, yes sir.

*By Mr. Jacobs:*

Q. You say you have engineers of the department down there watching the progress of the work?—A. Yes, we are keeping tab of the work.

Q. Keeping tab of the work without the Minister approving seems to me to be a little bit extraordinary.—A. That is the situation.

Mr. MONTGOMERY: You understand, Mr. Jacobs, the work which is proceeding now is entirely on the company's private property, and is not in any way connected with the St. Lawrence river at all.

Mr. JACOBS: If the engineers are watching the progress of the work—

Mr. WHITE: My friend is putting a wrong interpretation on the Order in Council, I am afraid. Article 12 says:

No work in the St. Lawrence River shall be undertaken until a program of construction shall have been submitted to and approved by the Minister.

Mr. MONTGOMERY: No one is contending anything to the contrary, Mr. White. There is common ground between us. We have filed these plans for approval, but until we do something interfering with navigation, surely the department has nothing to do with what we are doing on our own private ground.

Mr. WHITE: Exactly. That is what I say. My friend is taking refuge under the wrong paragraph.

Mr. MONTGOMERY: No.

Mr. WHITE: I should like to call your attention to paragraph 11, they are two distinct paragraphs. Paragraph 12 refers to works in the St. Lawrence river, and 11 refers to the plans of construction. Paragraph 11 is as follows:

The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

Mr. MACKENZIE: What does "works" mean?

Mr. WHITE: Works referred to in the Order in Council, the whole of the works.

The CHAIRMAN: And is reflected in the plans which were approved and attached to the order.

Mr. WHITE: Absolutely.

Mr. MONTGOMERY: As Mr. Hunter says, the Minister has not approved of any plan up to date, to draw water from the St. Lawrence river. The department are fully acquainted with the plans of the works, and they must grant or refuse approval, as the case may be, before the St. Lawrence is diverted into the canal.

Mr. JACOBS: What are the government engineers doing down there?

Mr. MONTGOMERY: Following the operations, because the canal is intended for the purpose set out in the plans. It is quite true that the plans have not been approved definitely, but that is—

Mr. JACOBS: Do you mean to say that the company is going on with an undertaking costing hundreds of thousands of dollars, which have not been approved, and which the Minister may refuse to agree to?

Mr. MONTGOMERY: There is no substantial change in the plans.

Mr. WHITE: My friend does not realize, surely, what paragraph 11 says.

Mr. JACOBS: Perhaps not.

Mr. WHITE: It says,

the company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

Mr. JACOBS: They began construction of the work the very day they put a shovel in the earth and threw it up.

Mr. WHITE: In other words, they ought to have the approval of the Minister before they start at all.

Mr. MONTGOMERY: I do not think my friend is serious, now.

Mr. WHITE: I was never more serious in my life.

Mr. HELLMUTH: I would submit, Mr. Chairman, and gentlemen, that you have to turn to the Act respecting the Protection of Navigable Waters, and find out what works the Dominion can direct to be done, and the only works that they can direct at all is under section 4 of that Act.

No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed, and maintained in accordance with plans and regulations approved or made by the Governor in Council.

Anything they have built is not a work interfering with any navigable water at all. When that work is attempted, and those works are done then we have to go into the St. Lawrence under certain specifications and plans, and then nothing can be done until it has been approved. Apparently approved plans have been sent in in regard to that work, originally, but what we are doing on our own lands now may possibly be of no value to us until the government approves, or the Governor in Council approves of the work—

Mr. LENNOX: What is the object of section 11?

Mr. HELLMUTH: —that is proposed to be done in the river itself. Section 11 can only refer to—

The CHAIRMAN: Section 11 of the Order in Council?

Mr. HELLMUTH: Yes. Section 11 can only refer to the works. My submission is—

Mr. LENNOX: If what you say is correct, section 12—

Mr. STARR: Section 11 is found on page 3 of the application—

The CHAIRMAN: What are you reading from?

Mr. STARR: You will find it on page 16 of the Order in Council. I am reading from paragraph 17.

Mr. HELLMUTH: Here it is. The Beauharnois Light, Heat and Power Company has asked for the approval of this proposed development, and in connection therewith made application for such authority from the Dominion government as may be necessary to divert Lake St. Francis to Lake St. Louis, and use an initial flow of 40,000 cubic feet of water per second in pursuance of section 7, chapter—

The CHAIRMAN: May I interrupt you? Are you reading from P. C. 422?

Mr. HELLMUTH: Yes, I am, at page 3.

The CHAIRMAN: We have certified copies—

Mr. MACKENZIE: Page 4 of your copy.

Mr. HELLMUTH: It may be page 4 there. I have a printed copy; and then follows section 17—sections 13, 16, 17, and then comes the present application

of the Beauharnois company. That is what I am reading from, Mr. Chairman. It goes on—"and pursuant to the provisions of section 7, chapter 140—" that is the act that I just referred to, the act respecting the protection of navigable waters—"has applied for the approval of the plans and site of works proposed to be constructed in the St. Lawrence river with respect to the diversion of the flow of water mentioned above. (plans of the works consisting of twelve sheets and descriptions and plans of the site thereof, in booklet form, annexed)".

Now, it is quite true that the Governor in Council will have to approve of the plans of the proposed canal before it can be used as a navigable stream. There is no question about that, and we will have to get that approval; but at the same time the works, and the only works that the Governor in Council can deal with under chapter 140 are the works which are proposed to interfere, under section 4, with navigable streams, and that has not been attempted, nothing has been done in regard to that. We take our chances on having the Governor in Council approve of what we propose to substitute for the St. Lawrence river at that time. But at the same time, what we are doing is on our own property.

Mr. JACOBS: You take your chance on the Minister approving the work you have done?

Mr. HELLMUTH: Yes, and we are believing that the Governor in Council—the engineers inspecting it have not registered any complaints as to what we are doing, and we believe that we are not taking a very great chance. That is the position.

Mr. LENNOX: What does section 11 mean?

Mr. HELLMUTH: Section 11 refers to the works, and the only works with which the Governor in Council can deal. That is, the works in the St. Lawrence river.

Mr. LENNOX: What is the necessity of it, in view of section 12?

Mr. HELLMUTH: I would not want, sir, to argue the question as to whether the Governor in Council provided for anything in relation to works on our own lands. I would be prepared to argue that on the question of jurisdiction. That jurisdiction must be under the act that I have cited, chapter 140.

Mr. LENNOX: You mean they could not make that a condition precedent to granting any rights at all?

Mr. HELLMUTH: No, I do not say that. They could say we will not give you anything unless you do something in the future. But what I am trying to submit now, is that is not what they intended at all. What they intended was that any work that interfered with navigation should not be done without the plans being approved, and that any work that we proposed to do as a substitute for the existing navigation should have the imprimatur, if I may put it that way, of the Governor in Council before it could be done. That would be my interpretation. Section 28, as the committee knows, does clearly stipulate and understand that nothing is hereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act, upon and subject to these conditions. So that my submission is—I do not want to elaborate that argument now—but I would like the committee to appreciate the position, at least, in regard to the view of my learned friend as to whether we have got to have the approval of the Governor in Council before we can do any work on our own land at all.

The CHAIRMAN: Mr. Hellmuth, do I understand you to take the position that at the present time the Beauharnois company has not the approval of the Governor in Council?

Mr. HELLMUTH: It has not received the approval of the Governor in Council, has not received the approval of the Minister. We have received ap-



proval of the Governor in Council so far as our general plan is concerned of the Beauharnois canal. We took the precaution, at the time—

The CHAIRMAN: The general plan referred to now is the plan attached to P.C. 422?

Mr. HELLMUTH: Quite so. That was approved.

The CHAIRMAN: The other two general plans that accompanied the detailed working plans, have not been approved.

Mr. HELLMUTH: If I may say so, I did not call them "general plans."

The CHAIRMAN: I am not calling them that; they were called that in the letters.

Mr. MONTGOMERY: They are substantially the same as the others, just a change in details.

Mr. HELLMUTH: I am going to submit to your committee that there is nothing at all in these so-called general plans of the two letters that is in any way inimicable to the original plan. There is a change in some immaterial matters so far as navigation is concerned.

The CHAIRMAN: I do not know, but from reading or hearing read the letters from Mr. Sweezy and from the company in July and August of 1929, I think it is—

Mr. STEWART: August, 1930.

The CHAIRMAN: August, 1930, and July, 1929, and August, 1930, from hearing these letters read I would take it that these letters mean that a new general plan was being filed accompanied by detailed working plans, and that the last plans filed were the plans that the company is now working on.

Mr. HELLMUTH: I think so, when one comes to hear this whole matter, one will not come to the conclusion that there was a change in that sense at all, a change of plans, I mean in any way to interfere with the idea that the original plan under P.C. 422 intended; but that there were certain substitutive alterations in it that could not be said to be a change of the original plan. I do not want to labour it at the present time.

Mr. JACOBS: Mr. Hunter says they are substantially the same.

Mr. HELLMUTH: Yes. I merely wanted to say that so that the committee would think that we were assenting in, at all events, to my friend, Mr. White's view in this matter. I merely want to put that before the committee.

The CHAIRMAN: You, if I understand you correctly, take the further position that the work presently carried on is—let me put it this way—it is divisible between navigation, and work on the site—

Mr. HELLMUTH: Yes.

The CHAIRMAN: That you are working on the site of your own property.

Mr. HELLMUTH: Yes.

The CHAIRMAN: And that you have the right, without reference to the Governor in Council, or the Minister, or the government, or anybody else—

Mr. HELLMUTH: Yes.

The CHAIRMAN: To carry on work that is presently being carried on on your own property.

Mr. HELLMUTH: Yes.

The CHAIRMAN: But when you come to the time in the progression of that work that the drawing of water takes place, you will come back to the Governor in Council and seek approval of the plans that were filed subsequently to the filing of the original plan?

Mr. HELLMUTH: Yes.

Mr. WHITE: The Minister, not the government.

Mr. HELLMUTH: Well, the Minister or the government, whatever it may be.

The CHAIRMAN: 422 says the Minister.

Mr. HELLMUTH: Yes we will have to get the approval at that time, undoubtedly we will have to get that approval.

The CHAIRMAN: Before you sit down, do you admit that section 4 of the Navigable Waters Protection Act, which says: "No work shall be built or placed in, upon, over, under, through, or across any navigable water, unless the site thereof has been approved by the Governor in Council—"

Mr. HELLMUTH: Yes.

The CHAIRMAN: Doesn't the Navigable Waters Protection Act inevitably hook the site up to the work upon the navigable water.

Mr. HELLMUTH: If we are going to put a bridge across which is too low, or you are going to throw your pipes across, or whatever it may be, the site of the proposed works, placed upon or under or upon a navigable water means—has to be settled, but not a site of some proposed canal. You have to—

Mr. MACKENZIE: The work is well defined in the interpretation section of section 2.

Mr. HELLMUTH: Yes, B. "Work includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.

Mr. WHITE: Mr. Chairman, the interpretation put on the sections of the Order in Council by my friend means a total elimination of clause 12.

Mr. MONTGOMERY: No, it does not.

Mr. WHITE: I say it does.

Mr. MONTGOMERY: All right, excuse my interruption.

Mr. WHITE: I may be wrong. In other words, there can be no sense in having that there, if the intention of my learned friend were to prevail, by reason of the two sections being in the Order in Council, 11 dealing with the works of the canal itself and 12 with the works in the river. I mean that is perfectly plain. And my learned friend has also forgotten that his clients have agreed to construct a power canal, incidentally a navigation canal of which they give us the use, and, that being the situation, how can it be argued that we have not the right in granting the permission to place the obstruction to navigation in the river to say we will grant that on condition that you do certain other works, giving us a 600-foot channel through the canal which you are going to take, and which is going to take off 40,000 feet of water from the navigation of the river itself.

The CHAIRMAN: Without us owning the water itself.

Mr. WHITE: Without us owning the water, or without us having the right to approve of the plans, and, as the Order in Council plainly says, that is a condition of your getting our consent, you must dig this canal, you must dig it according to plans which we approve, and you must not commence digging it until those plans are approved. And that is what the Order in Council does say. And that is what his clients say it means too, because all you have to do is to refer to the letter of August 22, 1930, where it says:—

In pursuance of Condition No. 11 of the Order in Council of the 8th March, 1929 (P.C. 422), approving the site and the general plans

thereto annexed for the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now, after consultation with the engineers of your Department, submitting for your approval the following.

And then it gives the plans and documents. Among those is General Plan and Profile of Proposed Development, which is not the river at all. Typical Cross Section of canal and Embankment, which is not the river at all. Plan showing Forebay, Powerhouse and Tailrace, and Preliminary Cross Sections through Powerhouse and adjacent Structures, Preliminary Sectional Plan of Powerhouse, Plan showing Location and Details of Dams for Control Works, and Plan showing Location of canal in Relation to Properties Controlled. Not a thing in the whole set of plans that are submitted for approval under section 11 relating to any work in the river itself.

Mr. JACOBS: What are the engineers of the department doing down there, spending a holiday? They are not down there at the expense of the government for nothing, they are there for something.

Mr. WHITE: Somebody says they are not doing much, but there are a number of reports, I see, from them in here as to the quality of cement, the number of grains of sand and the size of the grains that are put in the cement. I should say they were fairly busy. At any rate I have stated my position.

The CHAIRMAN: While we are on section 4, Mr. Hellmuth, of the Navigable Waters Protection Act—and section 4 is obviously the section that governs this matter—I will read it again:—

No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the Governor in Council.

Beauharnois does not do any of those things, as far as I can see. What it seems to do is to turn the waters of the St. Lawrence out into a ditch. What right has anybody got to do that. Is there anything in the Navigable Waters Protection Act that gives them that right. If that is the fact I think we had better leave the word "protection" out of his Act, and call it something else.

Mr. HELLMUTH: I was only going to say I would really like, Mr. Chairman, if you would let me, when the proper stage comes to deal with this Act I do not think that this is the proper time when I should attempt to give what I understand the Act to mean.

Mr. WHITE: The suggestion, Mr. Chairman, is that the name should be changed to the Navigable Waters Exploitation Act.

The CHAIRMAN: I think probably we will have this gone into more thoroughly later on.

The WITNESS: If I might be permitted, Mr. Chairman, in answer to Col. Lennox's question about 11 and 12, you see there are other works to be done in Navigable Waters than the works in the St. Lawrence river proper. There are works to be done in the lake that are not mentioned or not covered by 12. That is an answer to Col. Lennox's question why 11 was there. That would be a part reason why it is there.

The CHAIRMAN: But there are works to be carried out in Lake St. Francis.

The WITNESS: Other than in the St. Lawrence; but in regard to the St. Lawrence the order specifies there must be a program of works submitted in connection therewith.



*By the Chairman:*

Q. Has that been submitted yet?—A. That has not yet been submitted. I should not say that. It was submitted and then afterwards withdrawn. At the present time there are no plans of works in the St. Lawrence, or program, before the department for consideration.

*By Mr. Jacobs:*

Q. Why withdrawn, Mr. Hunter?—A. Well, for amendment and improvement, I would say. There was a discussion of the works originally submitted and then they were withdrawn presumably to furnish others, as the result of the discussion, which might accomplish the purpose more perfectly.

*By Mr. White:*

Q. In that connection then, Mr. Hunter, is there anything attached to the Order in Council by way of plans which shows what the works in the river are to be?—A. I do not believe I could answer that without looking at the plans that were filed.

MR. WHITE: Mr. Hunter tells me, Mr. Chairman, that the original plan, the large plan which was not attached to Exhibit 1 but was submitted at the same time and referred to in the Order in Council, does show, in a general way, the site of some, at least, of the remedial works.

MR. HELLMUTH: In the river.

MR. WHITE: In the lake, is it, or in the river?

THE WITNESS: It shows some in the river.

SIR EUGÈNE Fiset: The diagram attached to that plan shows also some of the details.

THE CHAIRMAN: Gentlemen, the committee suggests that we adjourn now to meet again at 11 o'clock to-morrow morning, sitting through until 1 o'clock, and from half-past two on until half-past five to-morrow afternoon.

MR. WHITE: Mr. Chairman, will you direct that Mr. McLachlan of the Department of Railways and Canals produce his files to-morrow.

THE CHAIRMAN: Mr. Dun, you will see that that is attended to.

We will now stand adjourned until 11 o'clock to-morrow morning.



HOUSE OF COMMONS, ROOM 231,

THURSDAY, June 25, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock a.m., Hon. W. A. Gordon presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., for the Committee.

G. H. Montgomery, K.C., I. F. Hellmuth, K.C., L. A. Forsythe, K.C., for the Beauharnois Company

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: Counsel have asked me, Mr. Chairman, to bring to the attention of the committee the question of our sittings during the next few days, and in regard to the proposed visit to the site of this project, and from the standpoint of the counsel involved it would perhaps be a matter of convenience—and I think perhaps to the committee itself—if these matters were settled, that is, whether we sit Saturday, Monday and Wednesday which is a legal holiday, and also as to when, if at all, the committee and counsel, and others interested, might pay a visit to the scene of the Beauharnois development.

The CHAIRMAN: I think it is desirable to visit the works, but I do not see that it is necessary to go down now. It may be that some of the members of the committee may think it is desirable before we go on to get the picture in one's mind of the works on the ground; but, so far as I am concerned, the maps disclosed to my mind what the situation is.

My own view is, subject to what the committee may think, that we could postpone the visit to the end of next week.

Mr. JACOBS: I am strong on atmosphere. I would like to see that Beauharnois, I have heard so much about it.

The CHAIRMAN: How would it be if we postpone it to the end of next week.

Mr. WHITE: From the standpoint of the counsel with whom I have discussed this matter, they are apparently of the same view as I am myself. I find in my work when one has to describe, and sometimes graphically, objects, terrain, or whatever you call this thing, the fact of having an accurate mind picture of it is of great advantage and, from our standpoint I should think we would like to go as soon as the committee can make it convenient.

Mr. MONTGOMERY: We agree.

Mr. WHITE: I think that is concurred in by my learned friends.

The CHAIRMAN: What do the members of the committee think about visiting Beauharnois and when do they suggest going, Saturday?

Hon. Mr. MACKENZIE: What about Wednesday the 1st of July?

The CHAIRMAN: Does that meet the views of the committee, to visit the works on the 1st of July? Does that suit you, Sir Eugène.

Sir EUGÈNE Fiset: Provided we motor down.



The CHAIRMAN: Will it be convenient for the officials of Beauharnois to show us over the work on the 1st of July?

Mr. MONTGOMERY: That is alright, Mr. Chairman.

The CHAIRMAN: Will the 1st of July suit counsel?

Mr. WHITE: Yes.

The CHAIRMAN: Then arrangements will be made for the committee to visit the works on the 1st of July.

Mr. WHITE: There is a possible disadvantage about that. Is it ascertained that the work will be in progress on that or will the workmen be laid off?

Mr. MONTGOMERY: The work will be in progress. I made that inquiry.

Mr. WHITE: Because I think it would be advantageous for us while the work was proceeding.

Mr. MONTGOMERY: We can have arrangements made for transportation and have those arrangements communicated to the committee.

Mr. WHITE: Someone suggested to me yesterday that there was a convenient train going out of here for Valleyfield and that we might have a car attached to that train. The car will be laid off at Valleyfield and we can motor from there over to the dyke from which point we could travel on the work train of the company, that is, the construction train on their own track, stopping at all points of interest. We will expect Mr. Montgomery to have a megaphone and make appropriate announcements.

Mr. MONTGOMERY: It will be my first visit too, I have never seen it. What about working on Monday.

Mr. WHITE: Whether we are going to sit on Saturday and Monday.

Mr. JACOBS: I have some religious scruples. I will not sit on Saturday. Of course, the committee can go on without me.

Mr. LENNOX: I do not want to sit on Saturday either.

Mr. JACOBS: What do you say, Mr. Chairman. Do you make a ruling on that.

The CHAIRMAN: Well, I have the utmost and profoundest regard for anyone's religious beliefs and I think we must give way and not sit on Saturday.

Mr. JACOBS: I knew I could appeal to you on a vulnerable matter of that kind.

Mr. MONTGOMERY: What about Monday.

Mr. WHITE: Yes, what about Monday, Mr. Chairman.

The CHAIRMAN: My own view, gentlemen, was that we should drive ahead with the investigation and get it over with as soon as we could. At the same time I recognize that members of the committee have got other duties to look after, and it might be desirable at this juncture to nominate certain days when the committee will sit, because as we get further on in my work here I see that my idea cannot be worked out that we sit every day. I am open for suggestions as to what date of the week we will sit, and how many days. Saturdays and Mondays do not seem to serve.

Hon. Mr. MACKENZIE: We could sit on Monday afternoon.

The CHAIRMAN: Well then, it seems to be the view of the committee that from now on we will sit on Tuesday, Wednesday, Thursday and Friday of each week. The number of sittings will, of course, vary because members of the committee have other duties, but generally that will be the plan which we will pursue.

Mr. WHITE: And the initial sitting at 11 o'clock unless otherwise arranged.

The CHAIRMAN: Yes, the initial sitting at 11 o'clock each day. We can arrange subsequent daily sittings at the conclusion of the morning sitting.

Mr. WHITE: We may take it then that we are not sitting Saturday or Monday.

The CHAIRMAN: Yes.

Mr. WHITE: I would like to bring to the attention of the committee just as a matter of record, a letter addressed to you, Mr. Chairman, dated June 25, 1931, from the Hon. Mr. Cahan, Secretary of State, as follows:

My dear Mr. GORDON:

In response to the request which I made to the government of the Province of Quebec for the production of certain documents to the Select Special Committee, which has been appointed to enquire into the Beauharnois Project, I have received from the Prime Minister of that Province a letter, dated June 23 instant, of which I enclose a copy for the information of said committee.

Yours very truly,

C. H. CAHAN,

*Secretary of State.*

This is the letter from Hon. Mr. Taschereau, Prime Minister of Quebec, to Hon. Mr. Cahan, Secretary of State, Ottawa:

Hon. Mr. C. H. CAHAN, K.C.,  
Secretary of State, Ottawa.

Dear Mr. CAHAN:

Your letter dated June 17th, regarding the Beauharnois Select Special Committee and addressed to the Hon. Mr. L. A. David, Provincial Secretary, has been referred to me.

I have made some inquiries at the Department of Lands and Forests and find that there is a great number of documents which would come under the three headings in your letter.

The Province of Quebec will be represented, before the Committee, by the Hon. Mr. Lucien Cannon. I would suggest that, as you proceed you would ask Hon. Mr. Cannon to communicate with us for such documents as may be necessary. Otherwise, I am sure that there will be a great deal of duplication.

It is possible that some of the documents required may be made public only on an Order of the House, and every case will of course have to be looked into.

You will understand, I am sure, that although we are prepared to give the fullest co-operation, we cannot accept the jurisdiction of the Select Special Committee on a matter over which the Province has sole jurisdiction.

I have the honour to be,

Sir,

Your obedient servant,

L. A. TASCHEREAU.

I am sure Mr. Cannon, who is representing the Province of Quebec, will consistently, with what he conceives to be the jurisdiction of this committee, assist us in procuring such documents, or copies of such documents, as may be required by the committee.

Mr. CANNON: I may state, Mr. Chairman, that on behalf of my client I am instructed to co-operate as fully as possible with the committee in order to supply information which might be required, subject to the full constitutional rights of the province of Quebec, and also provided that its jurisdiction and privileges remain unimpaired and unimpaired.

Mr. WHITE: I think we may consider that anything that is furnished may be done so without prejudice to these rights, if necessary.

The CHAIRMAN: Just at this juncture, Mr. White, have you the list of papers that were asked for from the province of Quebec.

Mr. WHITE: No I have not, Mr. Chairman.

The CHAIRMAN: Mr. Dun may have them.

Hon. Mr. MACKENZIE: When can we expect the printed record of the first day's proceedings?

Mr. JACOBS: It should be available for the committee and counsel every morning.

The CHAIRMAN: Mr. Dun, you will see that the record of proceedings is promptly placed before the counsel and others interested.

Mr. WHITE: It might be well for us to procure a copy of the letter which the Hon. Mr. Cahan sent to the Hon. Mr. David.

Hon. Mr. MACKENZIE: All those documents are in the proceedings of the first committee.

Mr. WHITE: If a copy were just attached to this then we would have a complete record of what the communications were, and perhaps Mr. Dun would be good enough to procure us that. It can be attached later.

The CHAIRMAN: Mr. Cannon, I will get the list of documents that the committee thought would be helpful and which list was sent to the Secretary of State for transmission to your clients. I will let you have a copy of that list and probably by going through it you can determine whether there are any documents amongst them which you feel should not be prejudiced in view of the qualification of your statement in respect to cooperation by the province of Quebec.

Mr. CANNON: I will endeavour to be as helpful as possible in order to expedite this committee's work.

The CHAIRMAN: All right, Mr. White.

Mr. WHITE: Just in that connection, I might perhaps be able to confer with Mr. Cannon, and he and I might be able to arrange for the production of such documents as we consider are producible.

Mr. CANNON: I will do so at your convenience.

Mr. WHITE: Then there are a few documents in the large file, Exhibit No. 17, which was filed yesterday which I would like to bring to the committee's attention.

Turning, first, to the file No. 804-1B, there are not many of these. The first one is a letter dated January 16, 1928, from the Great Lakes and Atlantic Canal and Power Co., Ltd., Maurice Cossette, Vice-President, and J. W. Harris, Secretary, and Transportation & Power Co., Ltd., Adolphe Bazin, President, J. N. Cantin, Secretary.

The CHAIRMAN: What is the name of the company?



Mr. WHITE: The first one is the Great Lakes & Atlantic Canal & Power Co., Ltd. The other is Transportation & Power Co., Ltd. That letter, as I say, is dated January 16, 1928, and is as follows:

The Honourable John C. Elliott,  
Minister of Public Works,  
Ottawa, Ont.

Honourable Sir:

The undersigned understand that certain parties are proposing to make application for approval of proceedings or for orders in council regarding and affecting the rights, privileges, franchises and powers granted by the Act of the Legislature of the province of Quebec (1902, 2 Ed. VII, Ch. 72).

We have that, and I think each of the members of the committee has a copy of it, and we may have to refer to it later, and I think perhaps it had better be filed now and marked as an Exhibit.

(Copy of Act of the Legislature of the province of Quebec, 1902, 2 Ed. VII, Ch. 72, filed as Exhibit No. 20).

The CHAIRMAN: That letter is dated January 16, 1928.

Mr. WHITE: Yes, Mr. Chairman:

. . . . incorporating the Beauharnois Light, Heat and Power Company and by an Act to amend the charter of the said Company (1910, 1 Geo. V, ch. 77) and the ownership, rights, powers, privileges and franchises granted to Joseph Bartholemew Robert, of the town of Beauharnois, by the government of the Dominion of Canada, by an Indenture dated the 28th day of December, 1909, and implemented by an order in council of the Dominion of Canada made on the 9th of December, 1909.

Said ownership, rights, privileges, franchises and powers were assigned by the heirs of the said J. B. Robert to the Beauharnois Light Heat and Power Company; and by the Beauharnois Light, Heat and Power Company to the Great Lakes and Atlantic Canal and Power Company Limited; and by The Great Lakes and Atlantic Canal and Power Company, Limited to the Transportation and Power Corporation, Limited, and further assigned to the agent of the Undersigned for the benefit of the Undersigned.

These rights and privileges are the subject of pending litigation. A copy of the proceedings in the litigation is herewith enclosed for your information.

The undersigned very respectfully request that no proceedings approval or order in council be made until the rights of the parties are determined, without notice to the undersigned.

Your obedient servants,

THE GREAT LAKES AND ATLANTIC CANAL AND  
POWER COMPANY LIMITED.

MAURICE COSSETTE,  
*Vice-President.*

J. W. HARRIS,  
*Secretary.*

TRANSPORTATION & POWER CORPORATION, LTD.

ADOLPHE BAZIN,  
*President.*

J. N. CANTIN,  
*Secretary.*

That letter was also sent to the Hon. James Malcolm, then Minister of Trade and Commerce, as appears by the file.

Then a copy of the original application appears on the file starting at page 35 and going back to page 7, the way it is arranged in the file, putting the larger number first, because this file is arranged so that the earlier-in-date documents go from the bottom to the top of the file; and that is pretty well incorporated in some of the documents that we have already filed so that it will not be necessary to do more than refer to it. It is dated January 17, 1928, and is addressed to His Excellency, Governor General in Council, Ottawa, Canada:

SIR:—

1. The undersigned, Beauharnois Light, Heat and Power Company, a corporation incorporated by Special Act of the Province of Quebec, 2 Edward VII, ch. 72 (1902), as amended by 1 George V, ch. 77 (1910), hereinafter called "the Company," addressed to your Excellency an application dated March 17, 1927, a copy whereof is attached hereto marked Schedule "A."

2. In the Company's application dated March 17, 1927, reference was made to an agreement of December 28, 1909, between His Majesty, The King, therein called the Lessor, and Dame Sarah Roberts and others, therein called the Lessees, a copy whereof marked Schedule "B" is attached hereto.

3. In the Company's application dated March 17, 1927, reference was made to a Deed of Transfer of March 26, 1910, passed before Tasse Notary Public by which Dame Sarah Roberts and others transferred to it all their rights arising out of the above-mentioned agreement of December 28, 1909; a copy of the above mentioned Transfer of March 26, 1910, has been delivered to the Department of Public Works and the Minister has consented to the assignment. Attached hereto marked Schedule "C" is another copy of that Transfer and of the consent endorsed thereon.

4. The Company, for the purpose of furnishing fuller information in respect of its proposed development submits herewith a memorandum marked Schedule "D", Parts 1 and 2.

5. The Company now asks for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

The importance of that document is that it would appear—subject again to what my learned friends may have to say about it—to be in substance and fact an application for the right to divert 40,000 cubic feet.

Hon. Mr. MACKENZIE: That is referred to on page 5 of P.C. 422 exactly in those terms.

Mr. WHITE: Yes:

6. In connection with the foregoing application the Company makes the following proposal.

(a) When making its initial installation, the Company will construct its power canal to such plans and specifications, and will operate its power development in such a manner that the canal when completed will conform to the navigation standards as set out in paragraph 111 of the main report and paragraph 13 of Appendix C. of the report made by the International Joint Board of Engineers 1926-27.

(b) The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately Sixteen million dollars (\$16,000,000) and will be paid by the company. The Company will also instal such remedial works as may be necessary to avoid injury to existing power developments and will maintain the level of Lake St. Francis at such elevation as may be required for navigation.

The rest of it is pretty well set out in the documents, except this:—

(e) The Company is prepared to make such agreements as may be necessary for the purpose of ensuring that after the completion of the locks above referred to the Dominion of Canada will be entitled to the use without charge to it of the canal and other works for navigation purposes.

Hon. Mr. MACKENZIE: Who is that letter addressed to, the Governor in Council?

Mr. WHITE: To the Governor General. Then at the bottom it says:—

9. The Company is not allied with or controlled by any other existing power company.

10. The Company desires to enter into formal definitive agreement with the Dominion of Canada for the purpose of carrying out the proposals outlined herein.

Then there is following that on page 31, an extract from the minutes of a meeting of the Board of Directors of Beauharnois Light, Heat & Power Co., authorizing the application.

Schedule "A" is a copy of the original application of March 17, 1927, and it is addressed to His Excellency the Governor General in Council. I am mistaken about that, Mr. Mackenzie. The letter of January 17, 1928, is addressed to the Governor General in Council.

The CHAIRMAN: Mr. White, was that application presented about that date or within a few days?

Mr. WHITE: Yes.

The CHAIRMAN: Then I presume you are going on to disclose the fate of the application?

Mr. WHITE: As it comes in the file, yes. The original application dated March 17, 1927, is on page 29, and recites that the undersigned Beauharnois Light, Heat & Power Co., is a corporation incorporated by statutes of the province of Quebec and has its head office in the city of Montreal, and then it recites the agreement of the 28th December, 1929, authorized by Order in Council 2168, Exhibit 12.

Then there is a peculiar clause in here reciting rights in respects to the feeder, and I have not come across this before:—

. . . provided that such changes do not interfere—

That is, that were authorized in respect to the feeder and you will remember that there were certain changes contemplated, the quantity of what has been somewhat indefinite:—

. . . provided that such changes do not interfere with navigation nor defeat the object for which the dyke along Lake St. Francis was constructed and subject to approval of the plans and specifications by the Minister of Public Works.



This application, of course, was Beauharnois Light, Heat & Power Co., and then this statement is made on page 28:—

The Company previous to the date of that agreement had acquired and still owns and uses the canal or feeder above mentioned and by deed of the 26th March, 1910, passed before E. C. Tasse, Notary Public, it acquired from Dame Sarah Roberts and others the "Lessees" above mentioned all the rights which they had acquired from the Crown by the above-mentioned agreement of the 28th of December, 1909;

Have my learned friends a copy of that agreement? It might perhaps be appropriate to put it in at this stage. That is the agreement of the 26th March, 1910, passed before E. C. Tasse, Notary Public, from the Robert heirs to the Beauharnois Light, Heat & Power Co.

Mr. MORIN: We have it in the file.

Mr. MONTGOMERY: We can get a copy of it for you.

Mr. WHITE: I understand we have a copy in the file.

Mr. MORIN: It is at page 13, Mr. White.

Mr. WHITE: That agreement is attached to this document which I am reading and is on page 13 of this file.

The CHAIRMAN: The document you are reading is the application.

Mr. WHITE: The application, starting on page 35, and I was reading really a part of that application, from the original application of March 17, 1927, which is made a schedule to the application in January, 1929. That agreement recites, —I think I had better read it:

Before Mtre. L. C. Tasse, the undersigned  
Public Notary for the Province of Quebec,  
practising at the town of Beauharnois.

Appeared: .

Dame Sarah Roberts, of the town of Beauharnois, widow of the late Joseph Bartholomew Robert, in his life time of the same place, manufacturer.

William Henry Robert: of the said town of Beauharnois, manufacturer.

Joseph Alfred Robert, of the city of Ottawa, Mining Engineer.

And

Miss Sarah Mary Robert, of the town of Beauharnois, Spinster of the full age of majority.

Of the first part

And

The Beauharnois Light Heat & Power Co. a corporation duly incorporated and having its chief place of business at the city of Montreal, herein acting by the said William Henry Robert, the President of the said company and hereunto duly authorized as he declares,

The said The Beauharnois Light Heat & Power Company being hereinafter called the "Company."

Of the second part.

Who declared unto the said notary:—

That under a deed of Sale executed before W. de M. Marler, Notary, on the fourteenth day of May, Nineteen Hundred and two and registered in the Registry Office for the Registration Division of Beauharnois under the No. 33446, the late Joseph Bartholomew Robert in his lifetime of the town of Beauharnois, Manufacturer, sold and conveyed certain prop-

erty unto the company including as described in the said deed the following property acquired by the said Joseph Bartholomew Robert from the Trustees and Executors of the late Edward Ellice, by deed executed before W. de M. Marler, Notary, on the thirty-first of August, Eighteen hundred and ninety-six, and therein described in the following manner:—

10. The Feeder or Small Canal in Catherinestown, in the Seigniory and District of Beauharnois, constructed by the late Edward Ellice for the purpose of conveying water from the River St. Lawrence to the River St. Louis; together with about one-half an arpent of land in depth on the Easterly side and one arpent in depth on the Westerly side of said canal along its whole length or whatever land there may be on either side of said canal belonging to the said late Edward Ellice, whether more or less than that stated above, but without any guarantee whatsoever; also the Head Gates and other works, or land in connection with said Feeder or Small Canal. The said property is now known and distinguished on the Official Plan and Book of Reference of the Parish of Ste. Cecile by the Number Three hundred and forty-one (341).

Then it recites The Petition of Right tried in the Exchequer, and the appeal, and it being desirable to settle the matter, and I need not trouble you about that again:—

That the parties hereto of the first part in order to implement the said deed of date the fourteenth day of May, Nineteen hundred and two, have by these presents assigned and made over unto the Company thereof accepting, all the rights acquired by them from His Majesty King Edward the Seventh under the said Agreement of date the Twenty-eighth day of December, Nineteen hundred and nine.

The Company obliges itself to pay and fulfil to the entire exoneration of the parties of the first part all the obligations encumbent on them or for which they may be liable under the said agreement of date the twenty-eighth of December, Nineteen hundred and nine.

Then reading on from the original application of March 17, 1927:—

The company has on previous occasions made application to the Dominion Government for the necessary authority to proceed with the works mentioned below and to exercise certain rights of taking further water and it now has the honour to make application as follows.

The undersigned Beauharnois Light, Heat and Power Company desires to use (by means of a power canal which can be readily adapted for 30 foot navigation requirements also, and which will run from a point on Lake St. Francis near the mouth of the existing canal or feeder through the county of Beauharnois to Lake St. Louis).

And I perhaps might make known the object which is in my mind in reading this. It was something which came up yesterday, and that is apparent here. I mean subject to my learned friend's ideas about it, the feeder grant appears to have been the basis of the application.

Mr. MONTGOMERY: That feeder grant was just a question of priority so that they secured the existing rights which were in that district.

Mr. WHITE: But that is not what the application says, as I read it. May I repeat that:—

The undersigned Beauharnois Light, Heat and Power Company desires to use (by means of a power canal which can be readily adapted for 30 foot navigation requirements also, and which will run from a point on Lake St. Francis near the mouth of the existing canal or feeder through the county of Beauharnois to Lake St. Louis) so much of the water of the St. Lawrence River as can be taken through the proposed canal with-

out interfering with navigation and without interfering with existing prior rights in the river St. Lawrence and to arrange for the building in the St. Lawrence River (in Lake St. Francis, Lake St. Louis and part of the River between these Lakes) of such remedial and other works as may be useful or necessary in this connection.

The CHAIRMAN: Approximately, Mr. White, how far is it from the mouth or inlet into the old Beauharnois canal from the mouth or inlet of the present canal? This plan would seem to indicate a little over a mile.

Mr. WHITE: That is what I was going to say. Perhaps the engineers could tell us that. Is Mr. McLachlan here?

Sir EUGÈNE Fiset: Mr. Henry can tell us.

The CHAIRMAN: How far is it from the mouth of the feeder of the old Beauharnois canal to the mouth of the present canal, that is, the exit from Lake St. Francis?

Mr. McLACHLAN: About a mile, I should say.

Mr. HENRY: About a mile and a half. The old Beauharnois canal starts here (indicating on plan) and there is the feeder, the entrance to the feeder. The entrance to the new canal is here (indicating) approximately a mile and a half.

The CHAIRMAN: The application, Mr. White, which you are reading from would contemplate development beginning at the mouth of the old Beauharnois canal.

Mr. WHITE: Frankly, Mr. Chairman, I am not in a position to answer that. There are some considerations which will have to enter into it. I think probably you are quite correct for the reason that so far as Mr. Morin and I have been at present able to ascertain, there was no authority at that time from the province of Quebec to do otherwise.

Mr. MONTGOMERY: I do not understand that to be the Chairman's question. The chairman was asking a question of fact as to what the application was at that time.

The CHAIRMAN: Subject to correction, what I have gathered so far from the reading of the documents, the application which was approved was for work whose inlet from Lake St. Francis was about a mile north of the inlet from Lake St. Francis, of the present work which is being carried on. Am I right or am I wrong?

Mr. MONTGOMERY: I think the confusion has arisen from that expression "canal." It is the feeder canal they are talking about, not the old Beauharnois canal.

The CHAIRMAN: The mouth of the feeder canal is in between the Beauharnois canal and the present work.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: And the mouth of the feeder canal then would only be probably half a mile north.

Mr. MONTGOMERY: Yes, something like that, Mr. Chairman.

Mr. WHITE: Then on page 45 of this file, a copy of a letter dated January 28, 1928, from S. E. O'Brien, Secretary, of the Department of Public Works to The Great Lakes and Atlantic Canal and Power Company, Limited, and Transportation and Power Corporation, Limited:

GENTLEMEN:

I beg to acknowledge the receipt of your letter of January 16th instant, forwarding copy of the proceedings between the Transportation & Power Corporation, Limited, plaintiffs vs. R. O. Sweezey, defendant, and the Beauharnois Light, Heat & Power Company and



others *Mis-en-Cause*, respecting possible proceedings which may be taken affecting the rights, privileges, franchises and powers granted by an Act of the Legislature of the Province of Quebec (1902, 2 Ed. VII, ch. 72) incorporating the Beauharnois Light, Heat & Power Company, Limited, and the ownership of the rights, privileges, franchises and powers granted to Joseph Bartholomew Robert of the town of Beauharnois by the Government of Canada.

Then the proceedings in the Superior Court. I do not think we are concerned with that at the present time, because we can get it in the reports if we want it.

Then the letter dated January 16, 1928, the same letter to the Hon. Charles Dunning from these two corporations.

Then there is a memorandum on page 58, dated February 8, 1928, to the Chief Engineer—that was Mr. Cannon—from Mr. Coutlee, and that was rather interesting in a way:

Referring to your letter 31 January to Mr. Dansereau, Montreal, enclosing protest of the Great Lakes and Atlantic Canal & Power Company, and the Transportation & Power Corporation, Ltd., concerning any pretensions of ownership by other companies.

As has been frequently recited, J. B. Robert owned mills on the Little St. Louis river, south of Valleyfield and had a ditch tapping the water from Lake St. Francis to increase the flow and power at these mills. About 1845 the Federal Government built the Clark Island dam to increase the depth of water at the entry to the newly completed Beauharnois canal which resulted in saturating the land along Hungry Bay, south shore of Lake St. Francis, and also lands along the north shore of this lake. The north side lands were drained by the St. Thomas ditch into the Delisle river with the result that frequently the station grounds at Coteau Railway Junction are flooded in the spring. Damages were paid by the government along the north side of Lake St. Francis, and also along the river below, as it was claimed that the diversion of water by Clark Island dam had caused erosion of the clay banks along the north side.

Along the south shore a dyke was built by the Federal Government to prevent seepage caused by the raised water of Lake St. Francis. This dyke crossed the entrance of the Robert ditch which was built in 1806, consequently sluice gates were inserted in the dyke and much trouble ensued whenever too great a quantity of water was allowed to enter the feeder ditch. Farmers along both sides of the ditch complained that their lands were soaked and the Federal government endeavoured by dredging out the ditch to lower the water plane and dry the farms.

The outcome seems to have been a very careful admittance of water to the feeder ditch with a shortage of power at the Robert mills. Finally a suit was taken before the Exchequer Court, where the Judge decided that the feeder ditch belonged to Robert up to the Government dyke, but that the part of the ditch through the dyke was the property of the Public Works Department, together with the sluice gates. This divided ownership was overcome by renting the sluice gates to Mr. Robert for \$1 per year, he to be responsible for all damages to farm lands.

Latterly the Robert Estate contends that as no stated amount of water was ever fixed to run down the feeder ditch from Lake St. Francis, they therefore have an absolute right to divert the whole St. Lawrence flow or at least as much as will not cripple navigation. This Department, as conservor of public waterways, is now asked to allow the whole river to be run dry between Coteau Landing and Cascades, with a view to passing the whole flow through a power house near the town of Beauharnois, where the water would again enter the St. Lawrence at the head of Lake

St. Louis. Contention has arisen as to whether the Robert Estate should be granted this flow of water because they own the feeder ditch or whether the right should go to other parties who have made requests from time to time.

The Robert feeder ditch, it will be noted, has no better claim on the flow than the St. Thomas drainage ditch made by the municipalities on the north shore. If also the topography of the country is so profoundly altered as to greatly diminish the flow in the channel between Coteau Landing and Cascades, very heavy damage suits will be undertaken against this Department.

C. R. COUTLEE,  
*Engineer, G.11.*

Mr. FORSYTHE: What is the date of that letter?

Mr. WHITE: February 8th, 1928, pages 57 and 58.

Mr. FORSYTHE: 804-1-B.

Mr. WHITE: Yes.

Mr. MACKENZIE: Who wrote that letter?

Mr. WHITE: Mr. Coutlee, who is assistant chief engineer of the department.

Mr. MONTGOMERY: Coutlee, not Cameron.

Mr. WHITE: Yes. Mr. Cameron in February, 1928, was the chief engineer.

Mr. MONTGOMERY: A departmental report. I presume those files will be available.

Mr. WHITE: I presume every exhibit ought to be available for everybody, to counsel for everybody. As far as I am concerned, they are welcome.

The next is a letter from Mr. Aime Geoffrion, K.C., dated February 6th, 1928. It is on page 85 and is addressed to the Hon. C. A. Dunning, Minister of Railways, Ottawa, Ont., and is as follows: \*

Dear Sir;—

I represent the Beauharnois Light, Heat and Power Company, who is applying to the Dominion Government for the approval of certain plans, involving the use of the waters of the St. Lawrence River, between Lake St. Francis and Lake St. Louis, to develop water power.

I am informed that the Great Lakes and Atlantic Canal & Power Company, as well as the Transportation and Power Corporation, have written you, protesting against any grant being made to my company.

The letter of protest starts with a falsehood on a very fundamental fact, and this falsehood can be easily verified.

It claims that the heirs of the late J. B. Robert transferred their rights to the Beauharnois Light, Heat and Power Co., and that the latter transferred these rights to the Great Lakes etc. Co., who, in turn, transferred them to the Transportation, etc. Co.

He is making a distinction between the shares and the right, and quite properly so, I think.

Without taking into consideration the agreements themselves in connection with this point, it is sufficient, in order to answer it, to draw your attention to the very suit taken by these parties, of which I understand you were sent a copy.

If this copy is a true copy of the statement of claim, it will show that the Transportation and Power Corporation claims to hold rights which the Great Lakes etc. Co. would have purchased from the Robert

interests, including shares in the Beauharnois Light, Heat and Power Co., but that no suggestion is made of the purchase of the rights of the Beauharnois Light, Heat and Power Co.

It is obvious that if the Beauharnois Light, Heat and Power Co. had sold its rights to some other people, that would be an objection to grants being made to it, based on those rights, an objection which the transferee of such rights could properly urge, and that is probably why the statement is made in the letter, but if, as the statement of claim affirms, all there was was a purchase from the Robert interests of certain rights they had, including shares in the Beauharnois Company, with no deal whatever with the Beauharnois Company it is obvious that the Beauharnois Company's rights are still intact, and nothing can prevent it from using those rights and exercising its powers. If the plaintiffs succeed in being declared shareholders of the Beauharnois Company, they will benefit by whatever grants the Beauharnois Company has in the meantime obtained.

This point, based on the allegations of the statement of claim, is fortified if one reads the conclusions of the said statement of claim. They are purely and simply directed against Mr. Sweezey. The Beauharnois Company is only called in the suit to be apprised of the decision that will be rendered in such suit as respects its shares, namely; so that it will know who is the holder of these shares, as between the plaintiffs and Mr. Sweezey.

Litigation in respect of the control of the shares of a company cannot prevent that company from carrying on its undertaking, using its rights and exercising its powers.

If the documents filed in support of the suit and a few other documents which have not been filed are considered, the absolute lack of foundation of the suit, even against Mr. Sweezey, becomes quite apparent.

Several years ago, the Great Lakes, etc. Co. obtained an option from the Messrs. Robert on various rights, including shares in the Beauharnois Company. The first payment, which was for a large amount, was not made, and the delay for making it is many years passed. The complaining companies therefore never had any rights; they merely had, for a few months, an option on which they did not pay and which is lapsed long ago. The complaining interests tried to get around the fact that they failed to take up the option by taking a rather extraordinary suit, whereby they asked that the Messrs. Robert be condemned to execute the contract of transfer and deliver the papers to court; that when that was done, they, the plaintiffs, should be given by the court a delay to find the amount required for the option, some \$500,000, a rather unusual way to endeavour to get several years' extension to a term attached to an option. This action was dismissed by the Provincial courts and after being carried to the Supreme Court, was abandoned.

The CHAIRMAN: Did this company have an option to buy some shares in the Beauharnois Light, Heat and Power Co.?

Mr. WHITE: Apparently, according to this letter.

The CHAIRMAN: According to that letter, the option lapsed.

Mr. WHITE: Lapsed.

These interests came to Mr. Sweezey and represented that they owned these rights, no title to which, as we have just seen, they had.

Mr. Sweezey, relying on them, agreed to study the question "as a principal"—

Mr. WHITE: These three words are in quotation marks, and the word is p-r-i-n-c-i-p-a-l.



The CHAIRMAN: There is an obvious difference.

Mr. WHITE: Yes. Some principals have principles.

The CHAIRMAN: Just at this juncture—I do not want to anticipate the sequence of the putting in of the various facts, but is it on only this relationship between Sweezey and the Transportation company that the litigation arose?

Mr. WHITE: I understand so.

—as he says expressly in his letter, not as their agent; in other words, he was willing to interest other people to buy with him from those who claimed to have a title. Mr. Sweezey was introduced by these people to some American interests, being stated to be “on the buying side” as the correspondence shows.

Finally, having discovered that they had no rights, that they had nothing to sell, he wrote them stating that he could not associate himself with them, and they acknowledged receipt of notice without protest. He therefore was never their agent for anything, but contemplated buying from them what he thought and they said they owned, and when he discovered they had no title, he went on and bought with his moneys, not theirs, from the real owners, the Robert estate.

These complainants have first circularized the financiers they could find; then the Quebec government, and finally this government, always in an endeavour to block the Beauharnois Co's efforts, because they once held an option from the owner, which they did not take up, and Mr. Sweezey who, deceived by them, had begun negotiations to buy from them having found they had no rights, went to the real owners after this option had lapsed, and bought with his moneys, from the latter.

Paragraph 1, 2, 5, 6, 7, 9, 11, 12, 13 and 22 of the statement of claim or declaration, and the conclusions thereof; paragraphs 5, 8, 13, 14, 15, 16, 17, 18, 19 and 20 of the plea that I include, will support the above statements.

Paragraphs 21 to 31 have been struck out of the plea on demurrer.

Paragraph ‘c’ of plaintiff's particulars show the extraordinary nature of the suit, which these parties lost, and by which they were hoping to get the Messrs. Robert to sign the contract of sale, and then get a delay to find the money necessary to take up the option.

The option (Exhibit No. 1) in support of this suit, a letter by Mr. Sweezey to Mr. Bergevin, 19th March 1925, also annexed to that suit, and two other letters herewith enclosed with the plea and particulars, will be sufficient to substantiate, with the pleadings above mentioned, all the above statements.

The CHAIRMAN: Is it the fact that the transporation company's interest in this project was confined merely to whatever rights they may have at one time had by reason of their option on some shares of the stock in the Beauharnois company, or did the transportation company own any rights themselves in the locality?

Mr. WHITE: As I understand it, Mr. Chairman, whatever rights they claimed were derived, if at all, from the Roberts or the Beauharnois Light, Heat and Power Company.

The CHAIRMAN: By way of this option to buy shares?

Mr. WHITE: I am not quite clear that it was an option to buy shares only. There was, obviously, from the wording of the documents, something else involved in the option. However, there was a hearing of all these parties before the Minister of Public Works and I imagine the matter may be cleared up in that way.

Mr. MONTGOMERY: To be strictly correct, the suit which Mr. Geoffrion refers to is not the suit which is pending now. I am not in the case, but I am instructed that the suit was discontinued, and later on this present pending one was instigated.

Mr. WHITE: The same subject matter.

Mr. MONTGOMERY: I think the subject matter is largely the same.

Mr. JACOBS: What was the amount of the original suit?

Mr. MONTGOMERY: I think some \$7,000,000 or something of that sort.

Mr. WHITE: Enough, or plenty.

Mr. JACOBS: They apparently did not think it was enough, because this one is for \$10,000,000.

Hon. Mr. MACKENZIE: Was that suit in the Exchequer Court?

Mr. WHITE: In the Superior Court, Quebec.

The CHAIRMAN: I assume, Mr. Montgomery, that—I do not know whether it will be helpful in the inquiry or not—the transportation company sets up that Sweezey is an agent of theirs.

Mr. MONTGOMERY: I understand so; I have not read the papers.

The CHAIRMAN: You disassociate yourself from all that?

Mr. MONTGOMERY: I never had anything to do with it; I just know in a general way.

Mr. LENNOX: What was the object of discontinuing the first action?

Mr. MONTGOMERY: That is a question which I am afraid I cannot answer.

Mr. LENNOX: You say it is the same subject matter?

Mr. MONTGOMERY: I would hesitate to answer why it was discontinued.

I have been informed that the suit was desisted from after the evidence was given, and before argument.

Mr. WHITE: There is a memorandum on page 92 of these facts from Mr. Coutlee, dated February 24, 1928, referring to the St. Lawrence river. This memo is for the Board of Engineers. This board had been or was to be constituted from the engineers from the various department as mentioned in Mr. Elliott's letter.

Referring to the Chief Engineer's letter February 10, 1928, *re* application of Beauharnois Light, Heat and Power Company to abstract 40,000 c.f.s. at first, and eventually all the flow of the St. Lawrence through a proposed canal south of Valleyfield.

The scheme cannot be considered as an extension of the feed water canal, carrying say 100 c.f.s., which was leased to J. A. Robert in 1909.

Whether any further—

Mr. FORSYTHE: Is that Mr. Coutlee's memorandum, again?

Mr. WHITE: A memorandum from Mr. Coutlee to the Board of Engineers, which was set up at the suggestion of the Minister of Public Works to consider this project, to consider this application. You remember yesterday there was a letter from Mr. Elliott, the then Minister, and other Ministers along the point. For instance, Mr. McLachlan, one of the engineers, named—

Mr. MACKENZIE: They are all named in P.C. 422.

Mr. WHITE: —in the board set up to consider the matter, made a report which I shall put in later.

Mr. MONTGOMERY: Is this Coutlee's memorandum of February 8, 1928?

Mr. WHITE: This is one of them. That was to his chief engineer.

Mr. MONTGOMERY: This is another one.

Mr. WHITE: Another one.

Mr. MONTGOMERY: The same date?

Mr. WHITE: No, February 24, 1928.

The CHAIRMAN: What value, Mr. White, as evidence is a memorandum from Coutlee to Hunter?

Mr. WHITE: It shows what Mr. Coutlee's attitude was towards the project at that time.

Sir EUGÈNE Fiset: On the first application?

Mr. WHITE: Yes. And therefore, perhaps, indicates what the reason was for the change in the application. It seems to be of some importance.

Mr. STARR: The engineers afterwards signed a joint memorandum in connection with the same thing.

Mr. WHITE: And it does not agree with these views, altogether, as I read it.

Hon. Mr. MACKENZIE: It raises a big question in regard to inter-departmental communications. There was an objection raised some time ago in the House about reports made from one department to the other.

Mr. WHITE: I am entirely in the hands of the committee.

Hon. Mr. MACKENZIE: I make no objection whatever.

Mr. WHITE: It is for the committee to say whether either of these communications should not be put in. I am only tendering it because I think it is important.

Hon. Mr. MACKENZIE: In other words, you may be destroying the relationship of civil servants one to the other, by disclosing a communication from one to the other. There is quite a principle involved. I have personally no objection. I know the Prime Minister refused such information this year.

Mr. WHITE: If there is the slightest question about it I shall not press it.

The CHAIRMAN: One of these engineers may, inter-departmentally, communicate to another his views with respect to the project, or any other project, and the views of one engineer might seem to indicate that the Beauharnois Company owned the St. Lawrence from the gulf up to Lake Ontario. We do not want to spur them on to greater effort.

Mr. WHITE: You had better be careful, Mr. Chairman. If there is the slightest possible question about it, I prefer not to read it.

Mr. MONTGOMERY: I understood you to say it was addressed to the committee appointed by the Minister of Public Works. That committee was not appointed until a year after that.

Sir EUGENE Fiset: Will you speak a little louder, if you please?

Mr. MONTGOMERY: I was just drawing Mr. White's attention to the fact that I understood him to make the statement that that report of Coutlee's was addressed to the committee appointed by the Minister of Public Works. My understanding is that that committee was not appointed until a year after.

Mr. WHITE: Mr. Hunter informs me that the Board of Engineers referred to in this document is a departmental board of engineers, so that would apply as to any departmental document.

Sir EUGENE Fiset: More than that, the real board of engineers was appointed one year afterwards, therefore, it has hardly any relationship to this present occasion.

Mr. WHITE: I understand it is the desire of the committee that I shall not read that particular document at the present time.

The CHAIRMAN: The committee would like to consider the question of the advisability and the propriety of introducing into the record interdepartmental communications and communications between officers in the same



department. A ruling has to be made upon it. It is not yet clear in my mind whether it is desirable or proper. Of course, in a court of law it would not be evidence at all. All those documents would be available for inspection by the members of the committee, but to introduce them into the record I am not so sure as to what course should be followed. If you can let it rest for a moment and go on with some other branch of the case, we will give you a decision upon it after the noon recess.

Mr. WHITE: You understand, of course, Mr. Chairman that I am not pressing it. I hope that each member of the committee appreciates that I am only here as the servant of the committee to follow their instructions in matters of this kind, and, for that reason, it would be well to have a general ruling so that I will not commence to introduce anything of that character in the future.

Mr. LENNOX: Is it confidential or private, or anything of that kind?

Mr. WHITE: No.

Mr. LENNOX: It is on the public file.

Mr. WHITE: Yes.

Mr. MONTGOMERY: As a matter of fact, we have refrained from making any objections. But Mr. Hellmuth has repeatedly said to me, what has all this got to do with it, and I have not been able to find out what my friend was coming to in any of this morning's evidence. I understand he has probably been instructed to use it, but so far as Mr. Hellmuth and myself are concerned we have not been able to find out what the purpose is.

Hon. Mr. MACKENZIE: It is not the Beauharnois company at all. There is a principle involved affecting the whole civil service of Canada. That is the whole question. If we are going to use these reports you are establishing rather a risky principle. It is not as affecting your company at all that I take any objection.

Mr. JACOBS: The information could not be obtained in the House, because it has been held time and again that these are confidential matters.

The CHAIRMAN: It has not gone quite that far, Mr. Jacobs, if I might suggest. The rule, as I understand it, is that any documents that go in upon a public file can be brought down, and will be brought down in the House. But documents that are declared to be of such a character that it would not be in the public interest to disclose, or documents that are private by reason of their very nature, are in a somewhat different category.

Mr. JACOBS: For instance, reports of officials to their superiors, I think it has been held were not available to the public. I think it is a good rule.

Mr. WHITE: One can imagine a situation something like this—and I am not suggesting for a moment that that is the case here—that if a somewhat important official had changed his views entirely in regard to a certain matter we might want to know why.

Mr. HELLMUTH: I suppose, Mr. Chairman, that any witness who has so changed his views could easily be called before the committee and not only examined but cross-examined.

Mr. WHITE: How could we possibly do that unless we knew that he had changed his views.

Mr. HELLMUTH: Well, I am not dealing with what Mr. Jacobs has said, and what other members of the committee have said. This is a question as between, one might say, the government, as to whether one departmental officer's communications to another should be made public. I have refrained from taking objection to what I submit is, so far as the Beauharnois is concerned, irrelevant evidence. How could we possibly be bound by what one departmental officer

told another departmental officer as to his view of that unless it were communicated to us. Surely, the very foundation of evidence is that it is evidence against the party in respect to whom it is brought forward.

The CHAIRMAN: That was hardly the point that I had in my mind.

Mr. WHITE: My answer to that is that this is not a lawsuit.

Mr. HELLMUTH: I know it is not a lawsuit, but there are some rules of evidence to be observed in commissions and committees. There may be evidence here, Mr. Chairman, quite admissible evidence which has nothing to do with Beauharnois at all.

Mr. WHITE: We are not only investigating the Beauharnois company as such, we are investigating this project and its progress through the various governmental departments.

Mr. HELLMUTH: I thought it was an investigation in regard to the Beauharnois project.

Mr. WHITE: Exactly.

Mr. HELLMUTH: And, so far as the Beauharnois project is concerned, if we are going into other projects I submit that is not what the House had in mind. Whether some other project might be better or worse is not I understand for this committee. It is a question of the Beauharnois project itself.

Mr. WHITE: That is different from the Beauharnois company. The Beauharnois project touches other people than the Beauharnois company.

Mr. LENNOX: Does this letter affect the Beauharnois project?

Mr. WHITE: Most assuredly.

The CHAIRMAN: The reference is quite broad in its terms:

To be a committee to investigate from its inception the Beauharnois project for the development of hydro electric energy by the use of the waters of the St. Lawrence river.

Mr. LENNOX: I suppose, Mr. Chairman, we are not bound by the rules of evidence.

Mr. JACOBS: We have to be bound by something.

Mr. WHITE: The sky is the limit. Naturally, of course, one proceeds along what he supposes to be the rules of evidence, and having that ingrained in us we cannot help it.

Mr. JACOBS: I agree with the Chairman's view, Mr. White. We ought to drop that for a moment and continue along another line. Subsequently we may have a ruling on it.

Mr. WHITE: May I add one thing, Mr. Chairman, that is, so far as my personal views may have any effect here, I would have appreciated the point which has been raised and not have proceeded to read the document at all without having called the attention of the committee to what I was going to do; but it never struck me at the time that there was any question of the kind involved. My experience has not been a parliamentary one.

Mr. JACOBS: We have these questions coming up almost daily in the House.

Mr. LENNOX: Are we in the same position, as an investigating committee, as we would be in the House?

The CHAIRMAN: No, I think we have broader powers.

Mr. JACOBS: We have the powers which parliament gives us. We are a committee of the House.

The CHAIRMAN: We are not interrupted so often, put it that way.

Mr. WHITE: Of course, I assume that if parliament as parliament ordered the production of any kind of a confidential document it would have to be produced because parliament is absolutely paramount; but as to what is the proper thing to do in the interests of public service that is another question.

Mr. MONTGOMERY: So far as this letter is concerned I hope the committee understands that we have no particular objection to it.

The CHAIRMAN: We will make a ruling on the general question at the opening this afternoon. We will endeavour to lay down some principle as to how we shall proceed with respect to these communications. It has been suggested to me by Mr. Lennox, and probably it is the soundest view, that we had better deal with each document as it arises.

Mr. WHITE: Yes. If there is anything in the future of this nature, and I happen to think of it at the time, as I shall endeavour to do, I shall call the attention of the committee to it before reading any part of the document.

There is a letter dated March 12, 1928. This is from R. B. Thomson, Secretary of the Canada Steamship Lines, and I need not read it. It is addressed to the Hon. Mr. Elliott then Minister of Public Works, and is a protest—

Hon. Mr. MACKENZIE: That is mentioned on page 5 of P.C. 422.

Mr. WHITE: And that is acknowledged. There are in the file—and I need not bother the committee with them—letters from the various parties whose names are mentioned at page 5 of order in council P.C. 422, protesting.

Hon. Mr. MACKENZIE: Nine of them altogether.

Mr. WHITE: Yes. And that brings us to the point, Mr. Chairman, where perhaps conveniently we may consider a few of the things in connection with that hearing and, with your permission, I would ask my colleague, Mr. Morin, to deal with that shortly.

Mr. MORIN: I submit, Mr. Chairman, that we should first put before the committee a few of the documents that were produced before the House at the request of Mr. Gardiner. I do not need to read them at all, but for future reference it might help us if we referred to them and put them in as exhibits. They are sessional papers.

I file as Exhibit No. 21, sessional paper No. 122.

I also file, as Exhibit No. 22, sessional paper No. 136A.

Mr. MONTGOMERY: What year are those, Mr. Morin?

Mr. MORIN: The month of March, 1929.

Hon. Mr. MACKENZIE: In both cases?

Mr. MORIN: In both cases. And then I file as Exhibit No. 23 sessional paper No. 295.

I would suggest, Mr. Chairman, that we put into the record a copy of the speech of Mr. Gardiner on the Beauharnois project. It is not yet before this committee. This is Mr. Gardiner's speech of May 24, 1931.

The CHAIRMAN: That is already before the committee, Mr. Morin, before counsel was appointed, at our initial meeting on the 15th of June.

Mr. MORIN: It has not been marked as an exhibit.

The CHAIRMAN: It may not have been marked as an exhibit. However, we will mark it as Exhibit No. 24. That is the speech of May 19th, 1931?

Mr. MORIN: Yes, Mr. Chairman. For the convenience of the committee, I might refer you to a few of the documents that are of interest to you. I will give you the pages on which you will be able to find those documents.

Referring to sessional paper 136A you will find, at page 74, that this Beauharnois project was rejected by the International Joint Board of Engineers of the St. Lawrence Waterways Project.

Then at page 75 you will see that this is called a destruction of the Joint Board plan.

At page 172 you will find that this similar project was turned down by the Government of the day, in 1910.



At page 465 there is a reference that there might be disaster to the St. Lawrence in case of a break in this canal, so that every attention should be directed to all precautions.

The CHAIRMAN: Are you still referring to sessional paper 136A?

Mr. MORIN: Yes, Mr. Chairman.

Mr. GARDINER: There are three different files in connection with that.

Mr. MORIN: Then referring to sessional paper 122, you will find the agreements with the Montreal Cotton Company.

And taking sessional paper 295, at page 12, you will see the project was refused in 1924.

At page 13 you will find a report by Mr. McLachlan, Engineer, Department of Railways and Canals.

At page 25 you will see that Mr. Brown who, I understand, is the chief engineer to the Beauharnois Co., says that the application should be filed with the Department of Railways and Canals over the dyke, because this canal goes through the dykes, Dominion property, and this is under the control of the Department of Railways and Canals. I understand that no such application was made to the Department of Railways and Canals.

Mr. FORSYTHE: There was an application made.

Mr. MORIN: Did you get any approval? I have had no chance to look through the files of the Department of Railways and Canals.

At page 132 you will find this letter which was referred to in the speech of Mr. Gardiner, a letter from Mr. Sweezy to Mr. Alderic Raymond calling his attention to the importance of having some political influence to help him in connection with this deal.

At page 161 you will find that the engineers say that this project should be attended to directly by the Dominion government.

At page 251 you have a most complete and interesting report by an independent engineer, Mr. Holgate of Montreal.

The CHAIRMAN: What is the page number?

Mr. MORIN: Page 251. One of the objections of Mr. Holgate was that this project was bound to destroy one of the principal assets of Canada, particularly the scenery and residences along the shores of the St. Lawrence. This beautiful scenery was going to be destroyed and the tourist traffic along the shores of the river would be diverted.

Hon. Mr. MACKENZIE: Mr. Holgate's name is not listed as one of the protestants on page 5.

Mr. MORIN: He acted for the Canada Steamships when he made this report.

Mr. CANNON: What is the date of the sessional paper from which you are quoting.

Mr. MORIN: I am quoting from sessional paper 295.

Mr. CANNON: What date was it produced.

Mr. MORIN: The date of the report is 1915.

Mr. CANNON: What I have in mind is, if it was produced before this session we will find it in the sessional papers.

Mr. MORIN: Well, it was produced in 1929.

The CHAIRMAN: Mr. Morin, these three sessional papers—122, 136A and 295—are of what year, 1929?

Mr. MORIN: I understand so, yes.

The CHAIRMAN: Just let us get that right. 122 is 1929?

Mr. WHITE: 295 is apparently 1928.

The CHAIRMAN: And 136A, is that 1929?

Mr. MORIN: 136A is March, 1929, and 122 is March, 1930.

Mr. WHITE: It starts in January and runs on to the end of the year.

The CHAIRMAN: Mr. Morin, do I understand that Mr. Holgate's report condemned the project solely on account of the destruction of the scenery.

Mr. MORIN: Oh, no.

Mr. WHITE: Read it.

Mr. JACOBS: Why do you give us "incidentally." Give us the principle.

Mr. MORIN: It is a very long report to read. It is a report of about fifty pages.

Hon. Mr. MACKENZIE: We will read it for ourselves. He was against the project?

Mr. MORIN: Yes.

Mr. JACOBS: The scenery, of course, being in the province of Quebec.

Mr. MORIN: That matter was also considered by the engineers of the Department of Public Works, and they condemned it.

Mr. JACOBS: The scenery that he complained of that would be destroyed would be in the province of Quebec.

Mr. MORIN: Yes.

The CHAIRMAN: The substance of his report was that the people of Canada were losing something they should not lose.

Mr. MORIN: Yes. And he said it is worth a great deal.

The CHAIRMAN: He was not condemning it in any mechanical way but purely from the standpoint of the government alienating those assets.

Mr. MORIN: That is one of his reasons for opposing the project.

Sir EUGENE Fiset: May I ask if Mr. Holgate was heard at the hearing before the Minister of Public Works on January 15, 1929?

Mr. MORIN: Yes.

Mr. MONTGOMERY: Do I understand you to say that that report was in 1915?

Mr. MORIN: In 1915, yes.

Mr. MONTGOMERY: You are sure that was the Beauharnois application and not the Canadian Light & Heat?

Mr. MORIN: It is the Beauharnois Light, Heat & Power Company. That was the project that was before the government at that time.

Mr. JACOBS: Are you sure Mr. Holgate was heard before that committee in 1928?

Mr. MORIN: Yes.

Mr. JACOBS: I understand he was dead then, or died shortly after.

Mr. MORIN: Yes, he is dead, but he was heard in the committee in 1929.

Now, if you want to refer to all those files of the Public Works Department, I have here a few notes with regard to interesting points to which I wish to refer the committee.

Take file 804-1C, Exhibit 17, you will see there, at page 284, a memorandum respecting all power development on the St. Lawrence.

On page 273 you will see a synopsis of all the objections to the Beauharnois Light, Heat & Power Co., made up for the Public Works Department. You will find all those objections in the hearing before the committee of the council in the month of February, 1929.

Sir EUGENE Fiset: Were these submitted to the Department of Justice in the form of a letter from Mr. Hunter?

Mr. MORIN: Yes.

Sir EUGENE Fiset: Embodying the synopsis.

Mr. MORIN: I will give you the letter.

And then you will find in this file, at page 237, a letter from Mr. Holgate. He has not changed his mind.

Hon. Mr. MACKENZIE: What is the date of that letter of Mr. Holgate's at page 237?

Mr. MORIN: I cannot tell you. It is in 1928 or 1929.

On page 62 a report by Engineer Coutlee. He consulted Dr. Barnes, the famous professor of McGill University, and Dr. Barnes did not make any written report. However, Mr. Coutlee prepared a memorandum for his department of an interview with Dr. Barnes, and Dr. Barnes called this project a butchering of the St. Lawrence.

I take now file 804-1E.

At page 199 you will find the financial aspect of this Beauharnois Company, their prospectus and how they intend to finance the project. That is a prospectus which was being distributed to the public.

Hon. Mr. MACKENZIE: A prospectus of the Beauharnois Light, Heat & Power Co?

Mr. MORIN: Yes, it is a prospectus of the Beauharnois Company to the public.

Mr. WHITE: Which company?

Mr. MORIN: The Beauharnois Light, Heat & Power Co. I think it is the Beauharnois Power Co. I understand the Beauharnois Light, Heat & Power Co., did not go to the public.

Mr. WHITE: Which document is that in?

Mr. MORIN: 804-1E.

Mr. WHITE: What page?

Mr. MORIN: 199. It is the Beauharnois Power Corporation prospectus, issue of their bonds for \$30,000,000. That is their advertising about it, what they did and what they hoped to do, the profits they expected to make, to induce the public to subscribe to those bonds.

Mr. WHITE: I think perhaps the committee ought to know that what my learned friend is referring to are the advertisements of the various firms of brokers or bond dealers who are disposing of this issue. Gairdner & Co., Ltd., of Toronto is one of the firms.

The CHAIRMAN: Before we get into that we should have before us the official prospectus of this Company itself.

Mr. MORIN: Well, I think they will admit that this is official.

Mr. MONTGOMERY: No, those are not official. They are probably prospectuses put out by the various brokers in connection with this issue.

The CHAIRMAN: Have not you got a copy of the official prospectus?

Mr. MONTGOMERY: I think so.

The CHAIRMAN: Will you let us have a copy?

Mr. MONTGOMERY: Yes, Mr. Chairman.

Mr. MORIN: We intend to have Mr. Todd here. Mr. Todd circulated some literature to the public and we might have him here as a witness.

Mr. WHITE: I am sorry to interfere with my learned friend's presentation of the matter, but the advertisement of W. C. Pitfield & Co., of Ottawa, in reference to this \$30,000,000 issue, quotes a letter from Mr. Swezey, the President of the Beauharnois Corporation. I assume that that was an authentic letter.



Hon. Mr. MACKENZIE: I would like to have that cleared up now. Is that the official prospectus of the Beauharnois company or not, or is it literature used by brokers to make the bonds more saleable?

Mr. MORIN: It includes statements by all the officers of the company.

Mr. JACOBS: They will be witnesses here.

Mr. MORIN: There is a letter from Mr. R. O. Sweezey, President, to Newman, Sweezey & Co., Ltd., the Dominion Securities Corporation Limited, and Wood Gundy & Co., Ltd. That is the whole statement by the President.

Mr. JACOBS: I suggest that we rise now, Mr. Chairman, and report progress and beg leave to sit again.

Mr. DORION: Have you the names of the officers of the company?

Mr. MORIN: Yes, we have them. Senator McDougald, Mr. Geoffrion, Mr. Godin, Mr. Gundy, Mr. Lash, Mr. Montgomery, Hon. Mr. Paradis and Mr. Wilson.

The CHAIRMAN: Mr. Montgomery, would it be asking too much, in order to facilitate us if we can get it, if you have available a copy of the prospectus of the Beauharnois Light Heat & Power Co., because I imagine in order to have some continuity of the thing we should start from there.

Mr. MONTGOMERY: I understand there was no prospectus put out by the Beauharnois Light, Heat & Power Co. There was a prospectus put out by those three sets of brokers.

Mr. LENNOX: They would have to file one before they could offer stock.

Mr. MONTGOMERY: That simply contains a letter, which has been referred to from Mr. Sweezey. It is a letter addressed to the three brokers.

Mr. LENNOX: Do they not have to file an official prospectus before they can put stock on the market?

Mr. MONTGOMERY: Yes.

Mr. LENNOX: Where would that be?

The CHAIRMAN: Is that the Dominion Securities Company to which reference is being made?

Mr. MORIN: This happens to be put out by Newman, Sweezey & Co., but all three contain the same letters.

The CHAIRMAN: We want the official prospectus as to the authorization of the company with respect to just such advertising as you have in your hand. That by Newman, Sweezey & Co., the company authorized that, I presume.

Mr. MONTGOMERY: I fancy so, and I fancy that the prospectuses that were used by Newman, Sweezey & Co., Wood, Gundy & Co., and Dominion Securities were practically identical, except for the names at the foot of them.

Mr. MORIN: It is an exact copy of what we have, Mr. Chairman.

The CHAIRMAN: I would like to know if this was issued with the consent and approval of the Beauharnois Company.

Mr. MONTGOMERY: I have no doubt about it.

Mr. WHITE: It is the usual letter to the brokers setting out the facts.

The CHAIRMAN: Mr. Dun, I wish you would get from the Department of the Secretary of State a certified copy of the prospectus or statement in lieu of the prospectus, or both if both were filed.

The Committee stands adjourned until half-past two.

## AFTERNOON SITTING

On resuming at 2.30 p.m.

The CHAIRMAN: Gentlemen, Mr. Cannon, acting for the Province of Quebec, has raised the point as to whether these proceedings are being printed in French.

Mr. CANNON: I beg your pardon, Mr. Chairman. I was just enquiring whether they had been printing the proceedings in French.

The CHAIRMAN: Yes. Precaution was taken at the initial meeting to provide for that.

Mr. CANNON: Printing the proceedings in French would mean translation and considerable delay.

The CHAIRMAN: We thought it desirable and they are being printed in French. They will be a little late each day but they will be printed.

Mr. WHITE: Mr. Chairman, there is a matter I wanted to speak to the committee about. That is, I find myself somewhat handicapped in the conduct of this work. Being accustomed to working with a secretary you get to rely on them very much, and I find that my work is pretty well impaired by reason of not having some clerical assistance of this kind, and I was wondering if I would be asking too much if I might be supplied with somebody who can do stenographic work and get papers out, and make summaries of things for me so that in that way I would be expediting the work of this committee.

The CHAIRMAN: I think that is desirable, Mr. White. My experience with that sort of help is that if there is somebody available who has worked for you before then so much the better.

Mr. WHITE: Well, there is a gentleman in town here, Mr. Beardsley, who was with me in the Moving Picture investigation, and whose services I found very valuable.

The CHAIRMAN: Is he presently engaged.

Mr. WHITE: I understand not, in fact, he is in the room at the present time.

The CHAIRMAN: His remuneration, I understand, would be fixed by the Speaker or the Clerk of the House.

Mr. MORIN: I have only a few remarks to add about Exhibit 17, file 804 1-D.

At page 95 you will find a letter from a member of the House asking the Prime Minister of the day to order a public investigation before granting this order. I suppose there is no use naming this member.

The CHAIRMAN: I do not know who it is, but I think he ought to be proud of his name being mentioned.

Mr. MORIN: And at page 52 you will read the advice of the Deputy Minister of Justice, Mr. Edwards, about this Order in Council.

Mr. WHITE: Had you not better put in the letter from the department.

Mr. MORIN: Yes. You will find this reference by Mr. Hunter.

Mr. WHITE: Might I suggest that this be read.

Hon. Mr. MACKENZIE: I think both these letters are very important. The letter from the Public Works department to the Department of Justice and their reply.

Mr. MORIN: At the close of this investigation we might draw your attention to the details of all those documents.

The CHAIRMAN: Mr. Morin, with respect to a communication addressed to the Deputy Minister of Justice, to which a reply has been made, those documents are short and they seem to me to be very important.

Mr. MORIN: Well, they are long.

Mr. WHITE: Not too long.

Mr. MORIN: Well, a few pages.

Mr. MONTGOMERY: They will have to be read at some stage, I am sure.

The CHAIRMAN: The committee seems to be agreed that they should be read. Are they separate exhibits?

Mr. MORIN: They are in the same file 804-1D.

Hon. Mr. MACKENZIE: Before you do proceed to that, General Stewart wants to know the date of the letter written by the member of parliament asking for the investigation.

Mr. MORIN: January 1929, and the order in council was March.

At page 40 of file 804-1D there is a long letter from Mr. Hunter to the Department of Justice dated December 17, 1928, as follows:

Application has been made to the Minister of Public Works, under section 7, chapter 140, R.S.D. 1927, Navigable Waters Protection Act, by the Beauharnois Light, Heat & Power Company in the following terms; "The Company now asks for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

This application is dated January 17, 1928, was addressed to His Excellency the Governor General in Council, and by Council referred to the Minister of Public Works.

The Company has been incorporated by Provincial act of the Province of Quebec. It secured from the Province of Quebec an emphyteutic lease for 75 years, and which, in its terms requires the company to secure Dominion permission to proceed with its works.

The company proposed to develop hydraulic power at or near Melocheville on the south west end of Lake St. Louis. To do this it proposed to build a power house near Melocheville, excavate a canal from the power house up to Hungry Bay, so called, which is a part of Lake St. Francis and lies on the southeast end of that lake near Valleyfield.

Through this canal the company proposed to divert water from Lake St. Francis, an enlargement of the St. Lawrence River, use this water for the generation of power at Melocheville and return the water to the St. Lawrence River in Lake St. Louis.

The company proposes the erection of dams consisting of piers with movable gates between the south and north shores of the St. Lawrence River so as to compensate by regulating the level of Lake St. Francis for navigation, after the proposed diversion is carried out.

In the stretch of the St. Lawrence intervening between Lake St. Francis and Lake St. Louis the company proposed to build spur dykes or dams to compensate for the diverted water to be navigated by the boats now running the rapids between Lake St. Francis and Lake St. Louis.

The Navigable Waters Protection Act, part 1, section 2 reads as follows:—

In this Part, unless the context otherwise requires (a) "Lawful work" means any work not contrary to the law in force at the place of the construction thereof at the time of such construction; (b) "work" includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure,



tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the following or not, which may interfere with navigation. RS. c. 115, s. 2: 1918, c. 33, s. 1.

I would inquire if in your opinion the application may be treated as provided by section 7 of the Act, as a work concerning which Parliament, in passing this Act, delegated to the Governor General in Council its authority as in respect to navigation.

I would inquire further, should your opinion be negative to the above question, would this be a work concerning which Parliament retained to itself its powers to approve, similar to the question of bridges over the St. Lawrence, as was done in section 11 of the Act, and if the company should secure a Dominion enabling act to proceed with its proposed works.

I may say that the only case approaching this in similarity, where an application was made under the Navigable Waters Protection Act, is the application approved by Order in Council of February 28, 1929, of the Hydro Electric Power Commission of Ontario for approval of plan and description of certain power development works proposed to be constructed at the mouth end in the navigable channel of the Welland River which flows into Niagara River at Chippewa above Niagara Falls, in the Province of Ontario. In this case the diversion is provided for under the Boundary Waters Treaty of 1909.

Similar works have been by charter of the Dominion Government, and under the charters the plans for approval were submitted to this department and to the department of Railways and Canals. The application of the Michigan Northern Power Company and the application of the Algoma Steel Corporation, Limited, seeking the approval of proposed diversion of water on the Michigan and Ontario sides of St. Marys river were dealt with by the International Joint Commission.

In the case of the Beauharnois Light, Heat & Power Co., I would refer also to article 4 of the Boundary Waters Treaty of January 11, 1909, which reads as follows:—

The High Contracting Parties agree that, except in cases provided for by special agreement between them, they will not permit the construction or maintenance on their respective sides of the boundary of any reedial or protective works or any dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary, the effect of which is to raise the natural level of waters on the other side of the boundary unless the construction or maintenance thereof is approved by the afore-said International Joint Commission.

It is further agreed that the waters herein defined as boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other.

As previously stated, the outlet of Lake St. Francis is to have erected in it a series of piers and sluices for the purpose of controlling the outflow from Lake St. Francis. This structure, as well as the proposed diversion through the canal, will be in waters at a lower level than the boundary in a river flowing across the boundary, the effect of which may be to raise the natural level of waters on the other side of the boundary. Would you be kind enough to say, if, in your opinion, any approval by this Government of the proposed works should subsequently receive the approval of the International Joint Commission.

In connection with this matter another point arises which has possibly some legal bearing and necessitates a short history.

On January 21, 1920, the Governments of United States and Canada referred to the International Joint Commission for investigation and report under the terms of Article 9 of the treaty of January 11, 1909, certain questions relating to the improvement of the St. Lawrence river between Lake Ontario and Montreal for navigation and power. The two governments created an International Board of Engineers to report to the Commission on the Engineering features of the proposed improvement. The Commission's report is forwarded with their letter of January 6, 1922. The International Joint Commission, in discussing the report of the International Board of Engineers, concluded by suggesting that the plan submitted should be submitted to a larger board for final determination.

This was done and the report of the Joint Board of Engineers, November 16, 1926, was made to the two governments.

The engineering reports subdivided the river into sections and the particular section under construction in the application of the Beauharnois Light, Heat and Power Company is the Soulanges section, pages 35-38 of the engineering report of November 16, 1926. That report set forth its recommendations and a scheme which it proposed.

The scheme underlying the present application of the Beauharnois Light, Heat and Power Company, is an alternative to the Beauharnois Light, Heat and Power Company's scheme was produced subsequent to the report of the International Board of Engineers, although mentioned therein as a navigation canal possibility.

Would the status of the investigation first initiated under the International Joint Commission have any bearing of a legal nature on the application of the Beauharnois Light, Heat and Power Company, or would this represent a matter of international policy and amity.

The questions of pressing importance to which we would like to have answers at the earliest possible opportunity, are:—

1. Under the Navigable Waters Protection Act is there any power in the Department to authorize the diversion of 40,000 cubic feet of water per second as requested in the application? and if so under which section?

2. Under the Treaty of 1909, and the steps taken thereunder, including the findings of the International Joint Commission, can a scheme of diversion and remedial work be authorized without reference to the International Joint Commission?

J. B. HUNTER,

*Deputy Minister.*

Then here is the reply from Mr. Edwards, dated December 21, 1928:—

I have the honour to refer to your letter of the 17th instant with accompanying papers relative to the application which has been submitted to the Minister of Public Works by the Beauharnois Light, Heat and Power Company, for approval by the Governor in Council, under sec. 7 of the Navigable Waters Protection Act, R.S.C., 1927, chap. 140, of the site and plans of certain works proposed to be constructed by the Company in connection with a proposed hydro-electric power development on the St. Lawrence River between Lake St. Francis and Lake St. Louis.

The Company is incorporated by, and derives its powers under, chapter 72 of the Statutes of Quebec, 2 Edw. VII as amended by 1 Geo. V, c. 77, and 18 Geo. V, c. 113. The plan of construction of its proposed power development is to divert water from Lake St. Francis by means



of a canal or waterway, with its intake located at Hungry Bay in Lake St. Francis and its outlet at or near Melocheville on the shore of Lake St. Louis, where the flow of water will be discharged through a power house and returned to the St. Lawrence River. The general design of the project includes provision for the development of navigation facilities through the proposed canal, if and when such facilities should be required, but the initial installation appears to be primarily for the development of hydro-electric power and contemplates the use for this purpose of a daily average flow of 40,000 cubic feet per second. The Company proposes, in connection with this development, to construct certain regulating and compensating works and to carry out certain dredging in the St. Lawrence River between Lake St. Francis and Lake St. Louis for the purpose of maintaining the levels of Lake St. Francis and safeguarding the requirements of the present canals and downstream navigation. With a view to carrying out its project, the company has secured from the Province of Quebec an emphyteutic lease for seventy-five years of the lands which will be required for the construction of these remedial works and also the rights of that province to such part of the hydraulic powers of the St. Lawrence River as can be developed by means of the proposed canal between Lake St. Francis and Lake St. Louis with a maximum flowing capacity of 40,000 cubic feet per second. The lease is granted subject to the understanding that the lessee shall obtain from the Federal Government, in so far as its rights are concerned, authorization to divert a flow of water of 40,000 cubic feet per second.

The Company, according to the terms of its present application, asks "for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second."

The questions upon which you require my opinion and my answers thereto are as follows:—

1. Under the Navigable Waters Protection Act is there any power in the department to authorize the diversion of 40,000 cubic feet of water per second as requested in the application, and if so under what section?

In my opinion there is no power in the Governor in Council, under the provisions of the Navigable Waters Protection Act, to authorize the diversion from Lake St. Francis of 40,000 cubic feet of water per second or of any quantity of water for the purpose of the Company's proposed development except in so far as the diversion of such water is necessarily incidental to, or is the real object intended to be subserved by, the construction of works which are subject to the provisions of that Act. The plans of the Company's proposed development embrace the construction of certain regulating and compensating and other works in the St. Lawrence River and I think it would be within the power of the Governor in Council, under section 7 of the said Act, to grant approval of the plans and proposed sites of these works. It would, of course, be relevant and proper for the Governor in Council, in deciding upon the propriety of granting or withholding his approval of the plans and sites of such works, to consider whether or not the proposed works, when constructed, would be suitable and adequate, as regulating and compensating works, to make the proposed diversion of 40,000 cubic feet of water per second from Lake St. Francis practicable without detriment to the interests of navigation. It is to be borne in mind that the interests of navigation in the St. Lawrence River are paramount, and that by



Article XXVI of the Treaty of Washington between Her Britannic Majesty and the United States of America, signed on May 8, 1871, the High Contracting Parties agreed,—

The CHAIRMAN: Was not that treaty amended by the subsequent treaty of Washington of 1909.

Mr. MORIN: Well, he quotes the law. He must be quoting the last treaty.

Mr. MONTGOMERY: The discussion of the Washington Treaty of 1909 follows, Mr. Chairman:—

The navigation of the River St. Lawrence ascending and descending from the 45th parallel of north latitude, where it ceases to form the boundary between the two countries, from, to and into the sea, shall forever remain free and open for the purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain or of the Dominion of Canada not inconsistent with such privilege of free navigation.

Accordingly, should the Governor in Council decide to grant approval of the plans and sites of the proposed works under the Navigable Waters Protection Act, it will be proper for him, in the exercise of his powers under the statute to make the grant of his approval subject to such orders or regulations as he may deem expedient for the protection of the interests of navigation. These orders or regulations should be framed upon the advice of competent engineers.

2. Under the Treaty of 1909 and the steps taken thereunder, including the findings of the International Joint Commission, can a scheme of diversion and remedial work be authorized without reference to the International Joint Commission?

The boundary between Canada and the United States, as defined and laid down under the treaties, ceases to pass along the River St. Lawrence at the point of its intersection with the River St. Lawrence near the 45th parallel of north latitude, and this point is near the head of Lake St. Francis. The waters within which the Company's proposed works are to be constructed are, therefore, national, as contra-distinguished from international boundary waters. They do not form part of the boundary waters defined in the preliminary articles of the Boundary Waters Treaty between Canada and the United States of January 11, 1909, but are, on the contrary, by the general words of exception in that definition, excluded therefrom. It is to be observed, however, that by Article IV of the Treaty.

The High Contracting Parties agree that, except in cases provided for by special agreement between them, they will not permit the construction or maintenance on their respective sides of the boundary of any remedial or protective works or any dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary the effect of which is to raise the natural level of waters on the other side of the boundary, unless the construction or maintenance thereof is approved by the aforesaid International Joint Commission.

And by Article VIII it is further provided that,

In cases involving the elevation of the natural level of waters on either side of the line as the result of the construction and maintenance on the other side of remedial or protective works or dams or other obstructions in boundary waters or in waters flowing therefrom or in waters below the boundary in rivers flowing across the boundary, the Commission shall require, as a condition of its approval, that suitable and

adequate provision, approved by it, be made for the protection and indemnity of all interests on the other side of the line which may be injured thereby.

I am of opinion that the plain intent of these articles of the treaty, as regards the present case, is to require that the construction of the proposed works shall be approved by the International Joint Commission, if the said works, when constructed, would have effect to raise the natural level of waters on the United States side of the boundary; but if the construction of the proposed works would not be attended by that effect, then I am of opinion that the construction of the works may be authorized without reference to the International Joint Commission. The question whether the proposed works, when constructed, would or would not have the effect mentioned is, of course, not a legal but an engineering question, upon which you will no doubt take the advice of competent engineers. I desire further to point out that, even though the engineers consulted might be satisfied that the proposed works, when constructed, would not involve the elevation of the natural level of the waters on the United States side of the boundary, the question whether they would or would not have that effect might form the subject of an *ex parte* reference by the United States Government to the International Joint Commission, for examination and report, under the terms of Article IX of the treaty.

There are before the department no plans whatever as to the remedial works. The company never submitted any plans for approval. I will prove that by Mr. Hunter in a few minutes, as to the remedial works in the St. Lawrence. The whole question is as to whether those works will have some bearing on this international water. It is a question of argument as to the remedial works they are going to erect in the St. Lawrence River, and up until now no one can tell because no plan has been submitted by the company for the approval of the department of Public Works.

Mr. MONTGOMERY: They were produced yesterday.

Mr. MORIN: No, sir. In 1909 you submitted plans for remedial works on the St. Lawrence and those plans were withdrawn. I am informed by Mr. Hunter that you have submitted no plans for remedial works in the St. Lawrence.

Mr. JACOBS: We had better have that in evidence, Mr. Chairman.

Mr. WHITE: I thought Mr. Hunter said yesterday that the original plans for the remedial works had been withdrawn and that no subsequent plans were now up in the department for approval.

Mr. MORIN: I have a letter to that effect on the file.

Mr. WHITE: Mr. Hunter stated that yesterday.

Mr. MONTGOMERY: I am not questioning Mr. Hunter's statement. All I am saying is that you filed yesterday a great many of those plans.

Mr. MORIN: But they have been withdrawn so far as the remedial works are concerned.

Mr. MONTGOMERY: But they were filed and filed in the Registry Offices, and you filed them yesterday in this record. There are changes and modifications to be made in them as foreseen by the Order in Council.

Mr. JACOBS: Are not there some attached to the Order in Council P.C. 422?

Mr. MONTGOMERY: Yes, they are attached to the Order in Council.

Mr. MORIN: The Order in Council says that these remedial plans are no good, they do not provide for adequate regulations. They are not satisfactory, and the order in council says so. And they say before commencing your work you will have to submit other plans.

Sir EUGÈNE Fiset: What Order in Council says so?

Mr. MONTGOMERY: They are all approved subject to such modifications. The Order in Council speaks for itself.

Mr. MORIN: Anyway, we must have something to work on.

J. D. HUNTER, recalled, examined by Mr. Morin.

*By Mr. Morin:*

Q. Mr. Hunter, do you have in your department any plans submitted for your approval in connection with the remedial works in the St. Lawrence river?—A. Not at the present time.

Q. I understand that there were plans filed but which were withdrawn.—A. You will find that in the letter of the company, of August 1930.

*By Mr. White:*

Q. That is the letter submitting a general plan at that time.—A. No, they were submitting detail plans.

Q. And a general plan, Mr. Hunter?—A. Well, I think that carried through all the time.

*By Hon. Mr. Mackenzie:*

Q. Mr. Hunter, there was a general plan filed and attached to P.C. 422 in the first instance.—A. There was.

Q. And that general plan is specifically referred to in the last part of P.C. 422. Let me read this to you:

It is clearly stipulated and understood that nothing is hereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act upon and subject to these conditions.

The committee on the recommendation of the Minister of Public Works submits for your Excellency's approval under Section 7, Chapter 140, Revised Statutes of Canada, 1927, the Navigable Waters Protection Act—(Subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the descriptions and plans attached, in booklet form,

Were those plans approved at that time, attached to the Order in Council?—A. Well, the Order in Council approved them on these conditions.

Q. Exactly so.—A. Yes.

Mr. MORIN: The Order in Council clearly says they are not satisfactory.

Mr. JACOBS: Perhaps Mr. Montgomery has some questions to ask.

*Cross-examined by Mr. Montgomery*

*By Mr. Montgomery:*

Q. The plans which accompanied the application, and which were attached to Order in Council 422, included plans for the control or remedial works did they not.—A. They did.

Q. And those control or remedial works, subject to the conditions enumerated higher up in the Order in Council were approved.—A. By that order in council?

Q. Yes.—A. Yes.

Q. And that order in council provided for modifications or alterations being made and approved by the minister?—A. Yes.

Q. And I assume that such plans as have been withdrawn are in conjunction with such modifications as are required by the engineers of your department.



—A. That is my understanding, and the company's letter will explain that, their letter of August 22, 1930.

*By Mr. Lennox:*

Q. You have the letter there and the reason is given for withdrawing them.  
A. I have not got the letter. It is on file 804-1. I can read it.

*By Mr. Montgomery:*

Q. When you speak of withdrawal, Mr. Hunter, you speak of what is in that letter which Mr. White is now looking up.—A. That is what I am referring to, yes.

Q. And I assume that copies of those plans, including copies of the control plans are still on file in the different registry offices where they were required to be filed prior to the application.—A. I have not reason to doubt but what they are.

Q. And they appeared yesterday to be still attached to P.C. 422.—A. Those original plans are still here. I am speaking of those that were submitted later and discussed.

Q. You are only speaking of your departmental records. The original plans are still here.—A. Oh, they have always been here, yes.

Q. They have never been withdrawn.—A. They have never been withdrawn, that is, those attached to Order in Council P.C. 422.

Hon. Mr. MACKENZIE: What is the extent of the original plans now?

*By Mr. Montgomery:*

Q. Would you kindly inform the committee what is the extent of the original plans attached to P.C. 422.—A. You mean an engineering description of those plans? I do not know that I am competent to give you that.

Q. Well, I have before me a copy.—A. There was a booklet filed with plans.

Q. For instance, looking at the title, dams 1, 2 and 4, and control works. I am only looking at the legend.—A. Whatever plans accompanied the booklet with plans filed with the Order in Council P.C. 422.

Q. I am informed there were ten plans attached to Order in Council P.C. 422, and they still remain attached to that Order in Council.

Hon. Mr. MACKENZIE: Could we find out if any of these general plans referred to remedial works.

The WITNESS: The general plans referred to remedial works.

Hon. Mr. MACKENZIE: It is very important to get that out.

*By Mr. Montgomery:*

Q. I am instructed, Mr. Hunter, that there are ten plans attached to P.C. 422 referring to remedial works in the river.—A. I have no doubt that is correct.

Q. And that those still remain attached to P.C. 422.—A. They still remain attached.

Q. And have not been withdrawn, the original plans.—A. In so far as any withdrawal mentioned in this letter of August, 1930, would do that, whatever that letter means.

Mr. LENNOX: That letter says the plans and documents listed are entitled to supersede—

Mr. MONTGOMERY: That is the second set of plans that were superseded.

Mr. LENNOX: The plans and documents listed are entitled to supersede those enclosed with our letter of July 29, 1929, to the Minister of Public Works.

Hon. Mr. MACKENZIE: They are both detailed plans called for in the original Order in Council.

Mr. LENNOX: That is not right. It says general plans and gives a list of them, detailed plans of construction. This is contained in the letter of 22nd August, 1930, "detailed plans of construction and information for the Minister of Public Works, dated August 20, 1930," containing memorandum and information, general plan and profile of proposed development dated August 20, 1930.

Hon. Mr. MACKENZIE: The new general plan.

Mr. MONTGOMERY: You will see it is a general plan. The phraseology in that letter is a little misleading. You will see that what he speaks of as a general plan was details of the general plan previously filed.

Hon. Mr. MACKENZIE: That is where the confusion arises.

Sir EUGENE Fiset: I am not quite sure that the statement of Mr. Montgomery is absolutely right. I think there are 12 plans attached to the Order in Council, 2 general plans and 10 detail plans, and the same number of plans were attached to the letter of July, 1929, and the same number of plans, the last plans, the third set have been withdrawn by the company.

Mr. MONTGOMERY: The last general plans?

Sir EUGENE Fiset: The detail plan mentioned in the letter of July, 1929. These are the third plans that have been withdrawn by the company.

Mr. MONTGOMERY: July, 1929, was the second set of plans and August, 1930, was the third set, and the legend reads "detailed plans of construction and information for the Minister of Public Works" in pursuance of condition 11 of the Order in Council.

Mr. WHITE: Yes, but I must not let the statement of my learned friend go unchallenged, that the thing that is referred to as a general plan is not a general plan. I should like to have the evidence of some competent engineer upon that point and I propose to adduce that evidence for the information of the committee.

Mr. MORIN: And judgment was passed by the Privy Council on those plans filed, annexed to order in council, P.C. 422, and the Privy Council set aside those plans. You will find, at page 7 of the Order in Council, that they came before the executive and submitted those plans. They had to do it. And the Privy Council said, at page 7:—

With regard to the effect of works on existing canal navigation, the committee finds that the regulating works proposed by the Company in the Coteau Rapids combined with the 40,000 cubic feet per second diversion do not provide adequate regulation, according to the plans filed.

Mr. MONTGOMERY: That is the recital of the engineer's report.

Mr. MORIN: And it is approved of by the Privy Council. And then you will find on page 8 that the works proposed by the Company for rectification purposes in this section are not satisfactory.

Mr. WHITE: On page 7 you are leaving out something that is quite important:

An extension of these works would permit them, when satisfactorily operated, to protect existing navigation and the levels of Montreal Harbour.

The committee finds that so long as the flow through the Soulanges section is prevented from varying, there will be no adverse effect on navigation below, but if a variation in flow in the future is permitted it will necessitate a regulating dam about at the foot of Lake St. Louis and, under such circumstances, all interests developing power in the Soulanges section should be assessed for the construction of such a work.

In other words, the approval of the remedial works according to the plans attached to the Order in Council, are not as such approved but require additional

works according to the judgment of the council at that time. Then it goes on to say:

With respect to the effect of works on river or rapids navigation, the committee finds that the diversion of 40,000 cubic feet per second will adversely affect navigation in the Soulanges section and that the works proposed by the company for rectification purposes in this section are not satisfactory.

Mr. MONTGOMERY: Mr. White, just a second. We are talking at cross purposes surely. What you are reading from is the recital of the engineer's report. Now, after reciting that and the objections taken, you get the committee approving of the plans as filed—

(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder.)

And in the clauses above there are provision for alterations. In condition 4 for instance:

Notwithstanding the approval herein contained the Minister of Public Works may at any time (a) order any additions to, improvements, alterations, or changes in substituting for or modifications or removals of works constructed or in course of construction or proposed or required to be constructed by the Company pursuant to this approval, and—

Mr. MORIN: And one of the conditions imposed, Mr. Montgomery, is that you shall not commence the construction of the works until detail plans of construction are filed.

Mr. MONTGOMERY: Do not let us argue that all over again. That is an entirely different question. And, in pursuance of that, you have condition 4 providing for alterations or modifications, no doubt giving effect so that the engineers of the department will have an opportunity to confer with the engineers of the company and make such alterations in those remedial works as they, in their opinion, may think advisable, and that I understand is in progress. They are conferring together and, no doubt, there will be alterations in the remedial works, certain alterations to give effect to either the recommendations of the department's engineers or the experience of the company itself upon further investigation. Those will be given effect to.

Mr. WHITE: Then, Mr. Chairman, do I understand my learned friend as arguing that in respect to the plans attached to the original Order in Council P.C. 422, that the Privy Council of Canada has approved of plans which the committee of engineers on whose recommendation they were acting found not to be satisfactory.

Mr. MONTGOMERY: They approved of them.

Mr. WHITE: If that is the contention then I have nothing more to say.

Mr. MONTGOMERY: The order in council plainly says that it is subject to those conditions:—

The committee, on the recommendation of the Minister of Public Works, submit for Your Excellency's approval, under section 7, chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the description and plans attached in booklet form.

and it gives the description of the plans that are approved.

Mr. LENNOX: Is it your contention that the works are being constructed under that original plan attached to P.C. 422.



Mr. MONTGOMERY: Subject to changes as to details. There are changes which, no doubt, are going to be described.

Mr. LENNOX: That is the contention that they are working under that plan subject to modifications and changes.

Mr. MONTGOMERY: Yes, that is my contention.

Mr. LENNOX: Then we understand it.

Mr. MONTGOMERY: Perhaps I should add this, that so far as the remedial works are concerned, which is what we are talking about now, they have not even been commenced, so that they are not in course of construction. There has been no work done in the river yet.

Mr. LENNOX: Then there are further plans to be filed covering the remedial works.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: So that, Mr. Montgomery, adverting to the discussion that took place yesterday, you confirm the position that the Beauharnois company has not yet received from the Governor in Council the approval of any plans that would enable them to go ahead and interfere with navigation; but you are going to work up, as Mr. Hellmuth and I discussed yesterday, or you can work up to the point where navigation will be interfered with and then it is plenty of time to come to the Governor in Council for approval of plans.

Mr. MONTGOMERY: I do not think I could answer that just in that way, because these plans must be revised, and you will bear in mind that the letters of July, 1929, and August, 1930, say "after conference with your engineers we are forwarding to you a new set of plans replacing those which were attached, or superseding those other plans." Now, those plans were sent up, one set in July, 1929, and the other in August, 1930, thirteen months apart, and those are the plans that were to be submitted according to this clause 11 in the Order in Council, and that did not require according to the terms of the Order in Council a further Order in Council by the Governor in Council. In other words, it required approval by the Minister.

The CHAIRMAN: You have told me that authority in P.C. 422 of the Minister is sufficient to procure the adoption by the Minister of any supplementary plans other than the original.

Mr. MONTGOMERY: That in turn, I fancy, would require a modified answer. Obviously the Minister could not go outside the plans which were approved by the Governor in Council. He could not approve a new plan, for instance, that substantially altered a new plan. If he did that, why a further Order in Council would no doubt be required. Changes in detail have to be carried out all the time. The same way with the Dominion Railway Board which is a body somewhat analagous, with certain powers. They make an order for the construction of a railway bridge, then the details have to be submitted to their engineer. Obviously, in a general plan such as is filed in the first instance for approval, detailed plans have to be filed, and you could never expect a work of this magnitude to be carried out exactly on the first plan. Changes have to be made. For instance, take underground work, conditions are encountered which are not apparent or obvious on the surface and, as I say, changes have to be made to meet those conditions. That is a matter which has occurred in connection with every power development that has been undertaken.

The CHAIRMAN: I quite appreciate that. Supposing something occurred during the working out of a scheme generally that would affect navigation in a way that was not contemplated by the original general plan. Do you suggest then that you must go to the Governor in Council for approval of that plan?

Mr. MONTGOMERY: I fancy so if it was obviously a new plan. In other words, what we call a detail plan of the first Order in Council, the Minister would feel bound to go back and get a further Order in Council.

The CHAIRMAN: Just one other question, if I may. After the filing of the first general plan with P.C. 422, then two sets of general plans with small detail plans for remedial or other works were, in fact, filed each in substitution of the one that went before, if these letters are correct.

Mr. MONTGOMERY: Yes. Well, the last, of course, could not be in substitution exactly of the others because the others are attached to P.C. 422.

The CHAIRMAN: I mean, they take the second general plan, accept it as taking the place of the first one.

Mr. MONTGOMERY: I suppose so.

The CHAIRMAN: And the third general plan would take the place of the second general plan.

Mr. MONTGOMERY: I have not personally checked those general plans to see how far the one supersedes the other; but I could quite appreciate if I am filing a complete set of plans where certain details are shown, with certain alterations in the general plan,—it is quite possible that might be a detail well covered by the original Order in Council and yet, from an engineering point of views, superseding Number 1.

The CHAIRMAN: Could you answer this, Mr. Montgomery: Is the general plan to which the Beauharnois is presently working, on file with the department or any department of Government and has it the approval of Governor in Council.

Mr. MONTGOMERY: Well, of course, the plans that were filed, and the only ones which have been approved by the Governor in Council subject to modifications to be made, and so on, are on file and have been approved. Now, approval contemplated details, modifications, alterations, and so on, and the conditions for that procedure plainly are laid down in the Order in Council. That is quite within the contemplation of the Order in Council.

The CHAIRMAN: What you say is that under Order in Council P.C. 422 approval was given to a general plan and to some detail plans, and that in the Order in Council the Governor in Council rightly or wrongly—we have to assume rightly for the moment—delegated to the Minister the authority set out in P.C. 422 with respect to the approval to any subsequent plans that might be presented as the work progressed, and which became necessary in order to facilitate the carrying out of the project.

Mr. MONTGOMERY: Yes, precisely.

The CHAIRMAN: And is there any limitation?

Mr. MONTGOMERY: Well, the limitation obviously would be that if it involved a different scheme, as it were, then the power given to the Minister to work out the practical details of the thing, and so on, would not cover a radical change in the scheme. If such a thing were put that way he would have to go back and get a new Order in Council?

Mr. WHITE: And who would be the judge of what was radical or what was not radical.

Mr. MONTGOMERY: I do not know whether it would be a matter of law or what it would be.

Mr. LENNOX: What I cannot understand is, if it is only a matter of a change in detail why were two separate general plans filed; you did not need to do that.

Mr. MONTGOMERY: Yes.

Mr. LENNOX: You have your general plan filed. Now then, you say, under the terms of Order in Council P.C. 422 there necessarily have to be changes in details.

Mr. MONTGOMERY: Yes, and those changes in detail may affect the general plan.

Mr. LENNOX: As I said before, I do not see why you filed two other general plans.

Mr. MONTGOMERY: Because the changes in the detail plans—and you will see it more clearly when we have the facts before you; we have a map showing graphically just exactly how they have changed. For instance, at the north end, the upstream end, the Hungry Bay end, the undertaking has been moved higher up. It was found advisable to move it somewhat higher up instead of having a bottle neck, as it was before. They carried it the full width and that obviously affected the general plans. That necessitated a plan which showed the thing going out the whole depth. The general plan which was filed yesterday, the one that was attached to 422, shows this 4,000 foot canal, and up at the upper end, for instance, it showed 1,100 feet. When they came to do that they found that the entrance had been moved up and they carried it out instead at the 3,300 feet. That obviously, from an engineer's point of view, necessitated showing that on the general plan in the same way.

Mr. LENNOX: That could be provided for by a supplementary detail.

Mr. MONTGOMERY: If you like, we could show a detail plan of that section; but their way of doing it was apparently, if my friend is correct, a general plan showing the changes in the first plan.

The CHAIRMAN: Perhaps that "general plan" in the letter was just a euphonious way of putting it.

Mr. MORIN: I am informed by engineers that these remedial works cannot be covered by plans. The final decision is taken on the amount of water to be developed. That is the main question. You have to build a diversion work with a capacity of 40,000 cubic second feet in such and such a way. Then if you divert 100,000 cubic second feet you have to build other remedial works. I am not an engineer but it seems to me to be quite clear that if you build remedial works to provide for a diversion of 40,000 cubic second feet and then in one year or two years you get authority to divert 100,000 cubic second feet you will have to scrap most of the remedial works. So that may be the reason, and they would have to be careful about proposing any remedial works and commencing any work in relation to same before there is a final decision as to the amount of water they are going to get from the St. Lawrence river. I think that is the point, Mr. Montgomery.

Mr. MONTGOMERY: I know whatever the reasons may be that we are working on those remedial works.

Mr. WHITE: Might we be informed as to the amount of water involved in the present calculation.

Mr. MONTGOMERY: We have been here since last Tuesday and I understood there were two quantities involved, one 40,000 second feet and the other I think it was 13,000, and also that there had been an application to Quebec for 30,000.

Mr. WHITE: Well, that is why I was asking because obviously the character of the works depends upon the amount of water that is going to be developed.

Mr. MONTGOMERY: Don't you think we can leave that to the engineers, Mr. White.

Mr. WHITE: As far as I am concerned it will have to be left to someone other than myself.

The CHAIRMAN: Well then, had we not better get on.



Mr. WHITE: You, Mr. Chairman, asked for a certified copy of the prospectus, or statement in lieu of prospectus, filed by the Beauharnois Power Corporation, and I have a copy here certified by the Under-Secretary of State under the seal of the Secretary of State. With this is a copy of a statement in lieu of prospectus, filed by Beauharnois Power Corporation Limited pursuant to section 52 of the Company's Act, presented for filing by McGiverin, Haydon & Ebbs who, I understand, are a firm of practising barristers in Ottawa:

I hereby certify that the annexed document is a true and correct copy of the statement in lieu of prospectus filed in the Department of the Secretary of State of Canada, on the thirtieth day of September, one thousand nine hundred and twenty-nine, by Beauharnois Power Corporation Limited.

Given under my hand at Ottawa, this twenty-fifth day of June, one thousand nine hundred and thirty-one.

THOMAS MULVEY,  
*Under-Secretary of State.*

## EXHIBIT No. 25

### THE COMPANIES ACT

#### STATEMENT IN LIEU OF PROSPECTUS FILED BY BEAUHARNOIS POWER CORPORATION LIMITED

*Pursuant to Section 52 of The Companies' Act presented for filing by McGiverin, Haydon & Ebbs*

#### 1. The nominal share capital of the company.

Four Management Preferred Shares without nominal or par value, 1,799,995 Class A Common Shares without nominal or par value and 3,200,000 Class B Non-Voting Common Shares without nominal or par value. Provided, however, that the said shares without any nominal or par value may be issued for such consideration as may from time to time be fixed by resolution of the Board of Directors of the company, not exceeding in the aggregate the sum of fifty million (\$50,000,000) dollars, or such greater amount as the Directors may deem expedient and as shall be authorized from time to time by the Secretary of State of Canada.

#### 2. Divided into—

See answer to one above.

#### 3. Names, description and addresses of directors or proposed directors.

Osmond F. Howe, Barrister-at-law, Trust Bldg., Ottawa, Ont., Duncan K. MacTavish, barrister-at-law, Citizen Bldg., Ottawa, Ont., Belle Fraser, stenographer, Ottawa Electric Bldg., Ottawa, Ont., Lyla Brennan, stenographer, Ottawa Electric Bldg., Ottawa, Ont., Edythe H. O'Malley, stenographer, 115 Sparks St., Ottawa, Ont., Bessie Conniffe, stenographer, 115 Sparks St., Ottawa, Ont., Lillian Dell, stenographer, Trusts Bldg., Ottawa, Ont., Elsie M. Burritt, stenographer, Ottawa Electric Bldg., Ottawa, Gwen Gunderson, stenographer, Trusts Bldg., Ottawa, Kathleen Havey, stenographer, Ottawa Electric Bldg., Ottawa, M. H. Kelly, stenographer, Ottawa Electric Bldg., Ottawa, Ont.

4. Minimum subscription (if any) fixed by Letters Patent, supplementary letters patent, or by-laws on which the Company may proceed to allotment.

None Fixed.

5. Number and amount of shares and debentures agreed to be issued as fully or partly paid-up otherwise than in cash. The consideration for the intended issue of those shares and debentures.

No shares or debentures have as yet been agreed to be issued other than the 5 Management Preferred Shares and 22 Class A Common Shares subscribed for by the applicants for the Letters Patent all of which have been paid in cash.

6. Names and addresses of Vendors and property purchased or acquired, or proposed to be purchased or acquired by the Company.

It is not clear, Mr. Chairman, what the syndicate secured. I propose to ask for the papers and documents and minutes of the syndicate, if such exist; but the point is that apparently what the Roberts turned over to the syndicate, we were told yesterday, were shares of the Beauharnois Light, Heat & Power Co. The consideration was \$20,000 in cash and 21,000 Class A shares of the Beauharnois Power Company.

Mr. MONTGOMERY: That was the unpaid balance, Mr. White, just as a matter of accuracy.

Mr. WHITE: We will go into all that.

Mr. MONTGOMERY: You have stated the figures and it is just as well to be accurate about it.

Mr. WHITE: Was there \$500 paid to bind the bargain in the first place.

Mr. MONTGOMERY: Oh, no.

Mr. WHITE: A substantial payment?

Mr. MONTGOMERY: Oh, yes.

Mr. WHITE: Well, that will appear, of course:

Amount (in cash, shares and debentures) payable to each separate vendor.

The Beauharnois Power Syndicate (an unincorporated Syndicate organized and existing under and in virtue of an agreement made at the city of Montreal on the 4th day of April, 1928, by and between F. Stuart Molson and others of the First Part and Marquette Investment Corporation of the Second Part) whose addresses is Yorkshire Insurance Building, St. James Street. Montreal, Quebec.

It is intended that the company shall enter into an agreement with the said The Beauharnois Power Syndicate and Marquette Investment Corporation, (company incorporated under the Quebec Companies' Act) as Depositary providing for the acquisition of the Company and/or its nominees upon the terms and conditions therein set out of the undertaking and assets of whatsoever nature of the Syndicate (except any unpaid balances and any uncalled balances for which the Syndicate Members may be liable to the Syndicate in respect of the part interests of the Syndicate held by them respectively)

The intended consideration for such acquisition shall be—

(a) The sum of \$4,750,000 payable to the Syndicate by the Company at the time and upon the conditions set out in the said agreement;

(b) The assumption by the Company of the liabilities and obligations of the Syndicate (except its liabilities and obligations to its members as such) and

(c) An undertaking by the Corporation to defray the expenses (to an amount not exceeding (\$10,000) of the winding-up of the affairs of the Syndicate, and the distribution of its assets among its members.

The said agreement further provides for the subscription by the said Syndicate at \$1.00 per share for one Million Class A Common Shares of the Company such shares to be allotted and issued to the nominees of the Syndicate, and to be paid for at the time of the transfer and delivery of the undertaking and assets of the Syndicate to the Company and/or its nominees, and the payment of the said sum of \$4,750,000 by the Company to the Syndicate.

The liabilities of the Syndicate assumed by the company as stated in sub-paragraph (b) will include a liability to pay \$20,000.00 and 21,000 Class A Common Shares of the Company to William Henry Robert and Sarah Mary Robert both of 1452 Bishop Street, Montreal, Joseph A. Robert of 371 Wilbroad Street, Ottawa, and Edmund A. Robert, Linton Apartments, Montreal, the Vendors of the said Syndicate of certain of the assets to be acquired by the Company as aforesaid.

6. Names and addresses of Vendors of property purchased or acquired, or proposed to be purchased or acquired by the Company.

Amount (in cash, shares and debentures) payable to each separate vendor).

7. Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any paid or payable for goodwill.

See answer to 6 above.

8. Amount (if any) paid or payable as commission for subscribing, or agreeing to subscribe, or procuring or agreeing to procure subscription for any shares or debentures in the Company, or rate of commission. Nil.

9. Estimated amount of preliminary expenses, \$75,000.

10. Amount paid or intended to be paid to any promotor. Consideration for the payment.

See answer to 6 above.

11. Dates of, and parties to, every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the Company or entered into more than two years before the filing of this statement).

No contracts have as yet been entered into by the Company. See however answer to 6 above. It is also intended that the Company shall enter into an agreement with Newman, Sweezey and Company, Limited, a company incorporated under the laws of the Dominion of Canada, and the Dominion Securities Corporation Limited, a company incorporated under the laws of the Dominion of Canada providing for the creation and issue of Thirty-Year 6% Collateral Trust Sinking Fund Bonds of the Company to an authorized principal amount of \$30,000,000 as set out in such agreement and providing for the sale to Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited of \$30,000,000 in par value of the said bonds together with 770,000 Class A Common Shares of the Company for the price of \$27,000,000 and accrued interest on the said bonds to the date of delivery all upon the terms and conditions set out in the said agreement.

Which apparently in short means that for agreeing to underwrite this \$30,000,000 of bonds the Newman Sweezey Co. and the Dominion Securities Corporation received \$3,000,000 in cash and 770,000 Class A Common Shares.

Mr. MONTGOMERY: That is not putting it quite accurately, Mr. White.

Mr. WHITE: Will you correct me, please.



Mr. MONTGOMERY: They never received any cash. The bonds were sold in 1927.

Mr. WHITE: Three millions of bonds, and my reason for saying that is that I understood the bonds were sold at par to the public. Then we will put it so that there can be no question about it, by saying that it shows they purchased \$30,000,000 of par bonds for \$27,000,000. The spread between the par value of the bonds and the price paid being \$3,000,000.

Mr. MONTGOMERY: The bonds were sold at ninety, which is a pretty good example—

Mr. WHITE: Was my statement correct.

Mr. MONTGOMERY: Your comment is what I am taking exception to.

Mr. WHITE: I know, but is there any exception to my last statement.

Mr. JACOBS: What is that, Mr. White.

Mr. WHITE: That these two companies, The Dominion Securities Corporation and the Newman Sweezy Co., Ltd., bought \$30,000,000 of par bonds for \$27,000,000, the spread between the price paid and the par value being \$3,000,000.

Mr. MONTGOMERY: The \$3,000,000 does not represent anything.

Mr. WHITE: We will find out later how much it represents exactly. And, in addition to the consideration for the underwriting there were 770,000 Class A Common Shares, and you will have evidence as to what the value of those shares was from time to time in the market.

No auditors have been appointed, and no director has any interest in the promotion of the Company. That is dated the 30th September, 1929.

Mr. JACOBS: The \$27,000,000 would mean that the bonds would be selling at ninety to bring \$27,000,000.

Mr. WHITE: Then the letter accompanying that which will be part of the same exhibit is, as I say, a letter from the Under-Secretary of State to Mr. Dun, Clerk of the Committee, two copies of the statement filed by the companies, 30th of September, 1929. This will be marked Exhibit No. 25.

Mr. Chairman, there is a witness here from Quebec who is exceedingly anxious to get away and while somewhat out of the order I would like to oblige him if the committee is agreeable. He is a practising barrister and I understand has to be in court in Hull to-morrow morning.

GERARD LACROIX, called and sworn, examined by Mr. Morin.

*By Mr. Morin:*

Q. Mr. Lacroix, you are a member of the bar of the Province of Quebec?—A. Yes, sir.

Q. And have been for how long?—A. Since 1923.

Q. And you are a member of the legal firm of Theriault, Bienvenue & Lacroix?—A. Yes, sir.

Q. Mr. Theriault, your senior partner was a few years ago a member of the Quebec Legislative Assembly?—A. Yes, sir.

Q. And he now is a member of the Legislative Council?—A. Yes, sir.

Q. And Mr. Bienvenue is the Chief Crown Attorney for Quebec?—A. Yes, sir.

Q. Have you been acting as attorney for this Beauharnois Light, Heat & Power Co.?—A. No, sir.

Q. Mr. Lacroix, I have here a copy of a private Bill which was submitted to the Quebec Assembly in 1928, Bill No. 141.—A. Yes, sir.

Q. Mr. Theriault, your partner, was the sponsor of this Bill?—A. Yes, it appears that way.

Q. Had he anything to do with this Bill except to help to pass it through the Assembly?—A. There was nothing that came through our office. Mr. Theriault has a separate office at the city hall.

Q. Had your legal firm any connection whatever with this Bill?—A. None whatever.

Q. And you have never been retained either by the Beauharnois Light, Heat & Power Co., or the Beauharnois Power Co., in connection with this Bill.—A. No, sir.

Q. You had nothing to do with this Bill?—A. No, nothing to do with this Bill.

Q. So you are perfectly free to give us all the information you have about this Bill.—A. About the Bill?

Q. Yes, about the Bill.—A. I have no information at all about the Bill.

Q. Well, Mr. Lacroix, do you know who were the promoters of this Bill?—A. No, not at all, Mr. Morin. The only thing is that certain rumours were going around. That is the only information I have.

Mr. JACOBS: We would like to know what that Bill is.

Mr. MORIN: This Bill, Mr. Chairman, is a Bill granting a charter to the Beauharnois Light, Heat & Power Co.

The CHAIRMAN: Is that Bill, when it subsequently came into being, an Act of the Legislature?

Mr. MORIN: It is an amendment to the charter.

Mr. WHITE: The Bill is incorporated in the Act as part of Exhibit No. 20.

Mr. MORIN: We will file this Bill as Exhibit No. 26.

Mr. CANNON: If my learned friend wishes to file before this committee legislation passed by the Legislative Assembly of the province of Quebec, then he is not following the proper procedure, which he no doubt knows. It is simply a question of procedure.

Mr. MORIN: It is just to establish that Mr. Theriault was the sponsor of this Bill through the House.

Mr. CANNON: If my learned friend will allow me, the Bill would have to be produced by the proper authority. The committee cannot accept a paper of that kind. Mr. Lacroix has just stated that he knows nothing about it.

Mr. MORIN: I do not want to read inside the Bill at all. I am just interested in the name on the back of this copy.

Mr. CANNON: I may state to the committee that I am making this objection now rather in a general way so that I may know what the attitude of the committee is in those matters. I stated this morning, as representing the province of Quebec, that I am at the disposal of the committee to give all the necessary information, but I express the hope that the proper procedure will be followed.

The CHAIRMAN: I think your hopes will be fully realized, Mr. Cannon. I do not think there is any necessity for conflict at this stage. Is there any doubt that this is the Bill that was presented.

Mr. CANNON: I would not express doubt.

The CHAIRMAN: Mr. Lacroix identifies it as the Bill.

The WITNESS: I see what is marked on it, sir.

Mon. Mr. MACKENZE: Only from what is on the outside of it.

Mr. STEWART: The journals of the House will disclose who introduced it.

Mr. CANNON: Votes and Proceedings.

Mr. STEWART: That is what I say, the journals of the House will.

Mr. CANNON: Certainly. We have got no objection to that at all. I am only drawing attention to the procedure which is now being followed.

Mr. JACOBS: Mr. Theriault's name is on the back of it, Mr. Morin.

Mr. MORIN: Yes, that is my only point, my only interest in this particular paper.

*By Mr. Morin:*

Q. Now Mr. Lacroix, you were invited to make enquiry as to who were the promoters of this Bill, this amendment.—A. As I told you a moment ago, Mr. Theriault has his office at the city hall, and especially during the sittings of the House he uses that office. We never saw it at our law firm. I did not know that Mr. Theriault, as you just mentioned a moment ago, had any connection as sponsor with that Bill at all. But one day there was a Mr. Cantin from Montreal who was referred to me and retained my services as a lawyer, to follow the proceedings of the Bill, not in favour or against the Bill, because at that time, as a matter of fact, I had no authority or power to appear before the committee because my partner was a member of the House, and I could not plead before the committee on private bills. Mr. Cantin told me that he wanted to find out and get a copy of the declarations that would be made before the committee, in the interest of certain pending cases before the Superior Court in Montreal between the Transportation Power and Beauharnois. I met Mr. Cantin several times. Now, there is a question. I do not know if I have the right as a lawyer to mention what is in the private record for myself. I have not got the authority to mention it.

*By Mr. Jacobs:*

Q. Mr. Cantin is your client.—A. Yes.

*By Mr. Morin:*

Q. Mr. Cantin retained your services for what purpose?—A. To just gather the committees by the parties he was suing.

Q. For what purpose?—A. To serve an interest in a case that was actually pending before the Superior Court between Transportation Power and Beauharnois.

Q. Did Mr. Cantin ask you to ascertain who were the interested parties behind this Bill?—A. You are a lawyer. Have I got the right to say anything that happened between Mr. Cantin and myself? Have I got the right to do it.

Q. You said that Mr. Cantin asked you to watch over the proceedings of the committee.—A. Well, if the committee desires me to say, but you know what my duty is in the profession. This is absolutely a private record.

Mr. WHITE: But the privilege is that of the client and not of the solicitor.

Mr. JACOBS: He has not got the privilege or the power from his client to disclose this. I have no doubt Mr. Cantin could be found in this room and no doubt he would give his permission.

Mr. MORIN: Do you allow Mr. Lacroix to answer.

Mr. CANTIN: Absolutely.

Mr. MORIN: Do you relieve Mr. Lacroix of his privilege.

The CHAIRMAN: The witness has taken a very proper objection, in my view. He realizes his responsibility as a solicitor. I think, for the protection of this young man, Mr. Cantin should be sworn here and his consent should be spread on the record.

Mr. MORIN: That would be the proper procedure.

Witness stands aside.



JEAN N. CANTIN, called and sworn, examined by Mr. Morin.

*By Mr. Morin:*

Q. Mr. Cantin, have you retained the services of Mr. Gerard Lacroix, barrister, Quebec, in connection with the Bill which we have just been mentioning?—A. I did, sir.

Q. Why did you retain his services?—A. To obtain all the information he could as to what was going on in Quebec relative to this application, and also to pilot me through the House. I was a stranger in Quebec and I wanted to know where things were taking place.

Mr. WHITE: A guide, philosopher and friend.

Mr. JACOBS: Principally guide, I should think.

*By Mr. Morin:*

Q. Did you ask him to get you information as to who were the parties behind this Bill?—A. I did.

Q. You did?—A. Yes.

Q. Now, did you secure the information from Mr. Lacroix?—A. I did.

Q. Did you pay for his services?—A. I did.

Q. Did you get the information by letter?—A. I got it both by letter and verbally.

Q. Then do you relieve Mr. Lacroix of all privilege about this communication and authorize him to communicate to this committee the information secured for you?—A. I do.

*By Mr. White:*

Q. And waive any privilege which you have by reason of this being a communication between solicitor and client?—A. Yes, perfectly.

Q. Or between advocat and client, as the case may be?—A. Yes.

*By Mr. Jacobs:*

Q. At the time that you retained the services of Mr. Lacroix had your syndicate taken suit against the Beauharnois Light, Heat and Power Co.?—A. Yes, sir.

Q. You were in litigation then?—A. Yes, sir.

Q. And as a matter of fact before?—A. Yes, sir.

Q. And are still?—A. Yes, sir. Pardon me, I might amend that statement. The litigation is between my father, you see, as one party against Mr. R. O. Sweezy and others, and also between the Transportation and Power and Mr. Sweezy and the Beauharnois Light, Heat and Power and others.

Q. You have a filial interest then.—A. Yes.

Witness retired.

GERARD LACROIX recalled, examined by Mr. Morin.

Q. Now, Mr. Lacroix, will you tell me if Mr. Cantin requested you to secure information as to who were behind this Bill, the promotors.—A. Yes, sir.

Q. Did you secure the information?—A. I could not get any foundation to the information I gave him. I heard—

Q. Did you enquire about it?—A. I enquired. There were some lawyers going around the committee room that I thought were engaged in the project and I asked them if they knew who were the promotors of the Bill. They mentioned the names but I could not verify it and I told Mr. Cantin. As a matter of fact, Mr. Cantin was in Montreal at that time and I sent him a letter giving him the information that I had gathered and I told him personally time and time again that I could not get any foundation to that, I could not find out exactly.

Q. Anyway, you put that in a letter?—A. Yes, sir.

Q. Have you a copy of this letter?—A. Yes, sir. (Letter from Gerard Lacroix to Mr. Cantin, dated February 22, 1928, marked Exhibit No. 27.)

Mr. STARR: Before that goes in, Mr. Chairman, I would like you to read it. I understand it is in French. It recites what the witness says, practically gossip.

The CHAIRMAN: I am hardly in agreement with the suggestion that has been made, that these committee proceedings have to be regulated with the same strictness as in a civil or criminal trial. We are charged with the responsibility of investigating this project, as set out in the reference, and I am rather inclined to agree that we are not confined to the rules of evidence as we would be in a court trying a criminal case.

Mr. STARR: I partly agree with that, Mr. Chairman. But here is a letter that is written after interviewing certain people. The witness has said he could find no foundation for what he said in the letter, and for that letter now to be produced and made public, I think would be going a great deal outside of legal requirements altogether. If you will read the letter itself before it goes in I think you will find it should not go in. There is so little to it as of foundation. His evidence is that he made enquiries of certain people but he could not find any foundation.

Mr. MORIN: Well, the letter speaks for itself. We will read the letter.

Mr. STARR: No, Mr. Chairman, I would rather you read it first and see whether it is worth putting in as an exhibit. That is my suggestion.

Mr. MORIN: I have a translation of it if you care to read it.

The CHAIRMAN: Mr. Lennox says he will take the French copy and read it.

Mr. JACOBS: As far as I am concerned, Mr. Starr, I do not think it will do very much harm to any person; but if it is suppressed it will probably do a lot of harm. I am in favour of giving it the fullest publicity.

Mr. STARR: It will be very readily answered when the proper time comes, but you know how these things go.

The CHAIRMAN: I am rather inclined to Mr. Jacobs' view, Mr. Starr, that the suppression of documents like that, which are harmless in themselves, is much more harmful. You do not need any protection in the conduct of any case from me, but I am rather inclined to the view that if we suppress things of that character it gives rise to a lot of fantastic imagination when really there is nothing much to it.

Mr. STARR: Of course, the letter I fancy has given rise already to a good many fantastic imaginations.

The CHAIRMAN: Well, I never saw it before in my life, and no member of this committee that I know of has ever seen it.

Mr. WHITE: And I swear I have not.

Mr. STARR: You are not under oath yet, you know. Your ruling then is, Mr. Chairman, that you will allow the letter in just for what it is worth.

The CHAIRMAN: I am not going to rule. I will ask the committee's judgment on it. Gentlemen, what is your attitude as to the admission of this letter? The committee seems unanimous that it should go in.

Mr. MORIN: Here is the original, Mr. Chairman, that we will file as Exhibit No. 27.

*By Mr. Morin:*

Q. Will you follow with the original and I will read the translation:

Following up your request of yesterday, I have obtained the required information concerning the promoters of the above mentioned Bill.

The information which I obtained is to the effect that the interested persons are the following:

Senator Donat Raymond,  
Senator MacDougald,  
Mr. Jones, formerly General Manager of the Canada Cement, and a  
Mr. Griffith or Griffin.

These are the names which I obtained and I shall continue my investigation. It is understood that all the above parties are with Sweezey.

I am also looking after the stenographers and I have had Mr. Massue Fortier interviewed in order to have space reserved in the Committee Room. I believe, however, that it will be difficult to obtain the services of an English stenographer in Quebec.

I hold myself at your disposal for any other information.

Have I translated right, Mr. Lacroix.—A. As far as I know English.

Q. And did you make any further report.—A. Well, just confirming what I told you a moment ago that I could not get any foundation. I told Mr. Cantin, and Mr. Cantin admitted a moment ago here, that we had talked it over time and time again, in his room in the Chateau. I told him that these are mere gossip or information, that I gathered around and subsequently, I think it was last year, Mr. Cantin came back with the same question to me, that is, in Quebec, that a certain party in Toronto—I forget the name now—wanted to find out the promoters of the Bill. As a matter of fact, he went up, to knowledge, to Government House and tried to get the record and came back with the answer that he could not get the information, so I could not give him any more than what appeared in the record.

Q. Now, you got paid for your services?—A. Yes, sir.

(Bill marked Exhibit No. 28).

Q. Did the money paid for those services go into the firm's account or your own account.

Mr. STARR: Well, now—

Mr. MORIN: I am just counsel for this committee and I have to take my instructions from members of the committee so you can raise any objections you wish.

The WITNESS: If I have to give the personal arrangements that I have with my partners, I am willing to give the amount.

Mr. MORIN: We are not concerned with the amount.

*By Mr. Jacobs:*

Q. How much did Mr. Cantin pay you?—A. I told Mr. Morin I was willing to tell it if he promises not to laugh, \$126.

The CHAIRMAN: You are too modest.

The WITNESS: There were \$26.25 of expenses. I was only at the committee three days.

The CHAIRMAN: No wonder you could not get the information.

Mr. MORIN: Is that sufficient.

The CHAIRMAN: I do not know what the purpose of this question is, as to whose bank account this \$126.00 went to, but I can see no objection to it. If there is any purpose to be served, then let us have.

Mr. CANTIN: There is some purpose to be served.

The CHAIRMAN: Then let us have the information.

The WITNESS: What was the question, Mr. Morin.



*By Mr. Morin:*

Q. Well, did the money go into the firm's account?—A. Yes. Well, the cases that I take, I have two offices in Quebec, and the cases that I get in Lower Town I divide fifty-fifty with my partners.

Q. We do not care about all that detail.—A. There was \$50 that went to the firm and \$50 to me.

*By the Chairman:*

Q. And the balance was money you expended.—A. There is \$126 out of which there were \$26.25 of expenses. As a matter of fact, I would like to say to the committee that my bill for my client was more or less of a guide, because I was not corresponding attorney for the Transportation & Power in Montreal who were interested in the case. I was just engaging a stenographer and I sent him up to the committee and he made his report to Mr. Cantin, the transcription of his notes. That is all I had to do up there and nothing else.

*By Mr. Jacobs:*

Q. You were never at any time employed with Beauharnois direct or indirect?—A. Not at all, sir.

Q. You were employed by persons who had interests in direct opposition to the company?—A. Absolutely, the Transportation Power Company.

Witness retired.

DUNCAN WILLIAM McLACHLAN, called and sworn, and examined by Mr. Morin.

*By Mr. Morin:*

Q. I understand, Mr. McLachlan, you are connected with the Department of Railways and Canals?—A. Yes, sir.

Q. As engineer?—A. Well, I am connected with the Department of Railways and Canals and have been for twenty-four years. I am engineer in charge of the St. Lawrence Shipping Canal investigations, engineer in charge of the Hudsons Bay Railway Terminals and Chairman of the Canadian Section of the Joint Board of Engineers.

Q. I understand this board is composed of three Canadian engineers?—A. Yes, sir.

Q. And three American engineers?—A. Three American engineers.

Q. And you are the chairmain of the Canadian section?—A. Yes, sir.

Q. And you have been acting as such for a long time?—A. I have been acting as such since 1924, since the spring of 1924.

Q. What is your experience about the St. Lawrence?—A. Well, from the time I came to Ottawa in the fall of 1910, until I left Ottawa to go to Hudson Bay in the summer of 1913, I had a great deal to do with the preparing of plans for the future improvement of the St. Lawrence for navigation and also for power. During the period I was in the Hudson Bay, of course, nothing was done. Then, I came back to Ottawa in the fall of 1918, when there was urgent need for plans for the St. Lawrence and I took charge of the St. Lawrence work and have spent about \$50,000 a year ever since in investigations and reports.

Q. When there is some matter coming up before your department about the St. Lawrence, are you the engineer to whom this matter is referred?—A. I am the engineer to whom the matter is referred. Of course, I have a superior officer in the Chief Engineer and in the deputy minister.

Q. Do they rely on your judgment?—A. Oh, as a matter of fact many of the reports that were made in connection with the St. Lawrence were made

to the Department of External Affairs. The report of Col. W. P. Wooten and Mr. W. A. Bowden, was made in 1921 to the International Joint Commission and the report of 1926 was made to the Department of External Affairs.

Q. Have your services been requested by the Department of Public Works?—A. Yes. When the Beauharnois project came up subsequent to the report of 1926, I was first asked to give certain information to a sub-committee of the Cabinet, and then afterwards a letter was written by the Minister of Public Works to the Minister of Railways and Canals asking me to assist Mr. Cameron, who was the Chief Engineer, in the consideration of all matters connected with the Beauharnois application.

Q. You must have in your files a copy of letter dated August 26, 1929, requesting your services?—A. I do not think I have that copy with me, but it is on the departmental file, both of the Public Works and Railways and Canals, I am sure. I did not bring it with me.

Q. You have not brought it with you?—A. I have not brought it with me, no.

Q. You know there is a request?—A. I know there is such a request, yes.

Q. Now, I find in Exhibit 17, file 804-1 at page 57, a request by your Minister, Dr. Manion, to you. Will you please read it to the committee?

Mr. FORSYTHE: What is the date?

The WITNESS: September 25, 1930.

The OFFICE OF THE MINISTER OF RAILWAYS AND CANALS,  
OTTAWA, CANADA.

SEPTEMBER 25, 1930.

DEAR SIR:—

Before leaving for England, the Prime Minister requested me to have the Canadian section of the Joint Board of Engineers report on the Beauharnois project, and the manner in which it may be expected to affect the future improvement of the Soulanges section for navigation and power.

The report to be made should also deal with the suitability of the plans and works proposed by the Beauharnois Company in view of the Standard of construction adopted on the Welland Ship Canal and recommended for the St. Lawrence development as a whole.

The Government would be glad, also, to have you outline any work connected with improvement for navigation which, in the opinion of the Canadian section, might be undertaken as a measure of relief for unemployment.

Yours faithfully,  
(Sgd.) R. MANION.

D. W. McLachlan, Esq.,  
Chairman, Canadian Section of the Joint Board of Engineers,  
St. Lawrence Waterway,  
Ottawa.

Yes, sir, that is the letter that I received. I can give you the original of that.

Mr. MORIN: Never mind. Now, I understand that you have been working on the St. Lawrence project for quite a number of years?—A. Yes, sir.

Q. You have made many reports?—A. Many reports.

Q. That we have in the files?—A. Many reports.

Q. Can you give the committee a little history about this Beauharnois project?—A. As to reports?

Q. No, as to what is being done.—A. As to what?

Q. You may refer to the matter shortly. Give a short history of it, a few facts about how it started.—A. Well, away back in 1910 or so, the Robert interests applied for permission to build a diversion canal from Hungry Bay on Lake St. Francis to Lake St. Louis. They first proposed to enlarge the old irrigation ditch and use the St. Lawrence River for a canal.

Q. When you refer to the irrigation ditch, is that the feeder?—A. That is the feeder. They had from the province of Quebec a number of concessions. One permitted them to enlarge the feeder to a width of 300 feet and use the St. Louis river. Then again, there was a later concession permitting them to widen the irrigation ditch so long as it did not occupy more than six arpents in width, and they were again restricted to 300 feet along the St. Louis river. That concession was ultimately sold, I believe, to the Beauharnois Company, and shortly after the joint Board of Engineers reported, an application was made to the Governor in Council for permission to divert 40,000 second feet from Lake St. Francis to Lake St. Louis, and plans were filed under two conditions. One that they would get the whole flow of the river less what the power companies in the St. Lawrence river were then using, and the other specially limited to 40,000 second feet.

Q. Before giving those details, Mr. McLachlan, can you tell me in a general way if the matter has been under consideration since 1910?—A. Oh, yes.

Q. By the Department?—A. Yes. There were many similar schemes or applications before the departments—

Q. Applications of a like nature, you mean?—A. Yes. Well, away back before 1912, the Cedar Rapids Power Company got permission to operate a power plant at about 32 feet head out of the 80 feet available; the Canada Light and Power Company about the same time got permission to enlarge the old Beauharnois Canal and—

The CHAIRMAN: Mr. McLachlan, I wonder if you could stand close to that map—. —A. I could stand there, or I can get somebody to stand there and point—

The CHAIRMAN: If you were close to the map, and could just point out those places—

Mr. WHITE: Mr. McLachlan is referring to the Soulanges section of the works. I think it would be of advantage if we knew what he meant by that expression.

Mr. MORIN: Explain the whole plan in a few words.

The WITNESS: All right. Well, gentlemen, this is the Soulanges section of the St. Lawrence (pointing on map). It is about 15 miles long and has a fall in all of about 80 feet. The Soulanges canal is on the north side of the river; it was built between 1890 and 1900 to take the place of the old 9-foot Beauharnois canal.

Mr. WHITE: There is a constant buzzing in this room, which makes it difficult to hear. If the spectators were asked to observe silence, we might hear what is going on.

The WITNESS: It was built to take the place of the old Beauharnois canal which extended from the bay at Valleyfield to Melocheville at the head of Lake St. Louis. This Beauharnois canal was a canal that was in existence and use at Confederation. It was built about 1843. In connection with the old Beauharnois canal, a dam was built across the channel between Grande Ile and the mainland a few years after.

Mr. WHITE: The reporter is in trouble, he cannot hear what is going on; neither can I. I would suggest that he sit near the witness.

The WITNESS: I just mentioned that shortly after the Beauharnois canal was built, there was a dam built across the channel at Valleyfield. It was built



to improve the entrance to the canal from the lake. They had trouble with cross currents, and they built that to cut down the currents.

Q. Under what authority?—A. Under the Federal government, about 1850 or some such date as that.

Mr. JACOBS: The government of Canada.

The WITNESS: The government of Canada, the united provinces. A few years afterwards it was found that that dam raised the level of Lake St. Francis 1·2 feet, and in order to protect the land, which had been flooded by the raising of the level of the lake 1·2 feet, a dyke was built along the east or southerly side of Lake St. Francis.

Mr. WHITE: That was also built by the province of Canada.

The WITNESS: The United Province of Canada about 1855.

*By Mr. Morin:*

Q. What is the length of this protecting dyke?—A. About 4 miles.

Q. Four miles?—A. About 4 miles. The first dyke built was what they call the Hungry Bay dyke which ran about where my pointer is showing.

Q. What is this dyke do you know?—A. Well, this dyke is built out of the material of the country; it is built out of peaty soil, which is quite thick in that territory; and it has settled a great deal from year to year, and has cost a great deal to maintain. I have the figures, but I just forget what they are. It is a very expensive thing to maintain. Immediately after it was built the farmers on the south side of the dyke started to cultivate the land, and burn all the peat, and as a result the land on the south side is much lower than it was at the time the dyke was built, because this peat has gone up in the sky. About 20 years after the Hungry Bay dyke was built, the St. Barbe dyke was built, this was an extension of the Hungry Bay dyke, that ran half up the length of Lake St. Francis.

Mr. WHITE: St. what?

The WITNESS: St. Barbe. The Department of Public Works of the United Provinces of Canada—acquired a strip of land 80 feet wide on which to build a dyke, and they acquired also certain rights on a belt of land about 80 feet wide on either side of the first 80 feet mentioned—I do not know that the department's claim is altogether clear with regard to the extra 80 feet on the sides, but it is quite clear and definite with regard to the first 80 feet on which the dyke is built.

Q. What is the height of the dyke?—A. Oh, it varies. I suppose it is about 6 or 7 feet high, there is a road on top of it.

*By Mr. White:*

Q. When you refer to the acquiring of the land, does that refer to the St. Barbe dyke?—A. No, I was referring to the Hungry Bay dyke. I did not look at what rights we had to land under the St. Barbe dyke, but I did in the case of the Hungry Bay dyke, because the Hungry Bay dyke now crosses in front of the Beauharnois canal works.

*By Mr. White:*

Q. Do you know how the land was acquired, and from whom?—A. It was acquired from the Seignior of that day by a proces verbal dated I think, 1878.

Q. That was a remarkable year in this country.—A. Now, I can go on and give a little history of how the development started here, which I think may be of interest. About 1908—I may be a year or two short—the Department of Railways and Canals leased the old Beauharnois canal to the Canadian Light and Power Company—

Mr. WHITE: I am sorry to interrupt you again. Before we leave the question of this dyke, what would you say as to its location in regard to the space between high and low water mark?

Mr. MORIN: We have a plan.

The WITNESS: It followed very close to the high water mark, very close to the outside of the high water mark on the land side—you will have to look at the old plan to be checked accurately on that.

*By Mr. Morin:*

Q. Now, you said the government leased this to the—A. Yes, to the Canadian Light and Power Company; and they developed 28,000 horse-power, with the power-house below St. Timothée.

Q. I understand that this old Beauharnois canal was closed to navigation after the Soulanges Canal was opened?—A. Yes, it was, but it was not closed immediately; it was not closed for quite a number of years. It was not closed until a short time before the lease was granted, in fact I think the actual official closure almost synchronized with the granting of the permit to use it by the Canadian Light and Power Company. The Canadian Light and Power Company have paid \$12,000 a year to the Federal government for that permit. There was nothing in that permit exactly stating what flow the Canadian Light and Power Company were entitled to, and they actually built a power-house with room for ten units, and they never installed more than four. It has a total head of 54 feet.

Q. Can you tell us a few facts about this feeder?—A. Oh yes.

Q. In the St. Lawrence River?—A. Yes. The feeder was—

*The Chairman:*

Q. Before we leave the power canal, which you now call it, where is the power-house of the Canadian Power Company?—A. Just below the village of St. Timothée.

Q. Is that where the outlet is?—A. It is right opposite the Cedar Rapids plant.

Q. That is the old shipping canal?—A. The old shipping canal went right through to Lake St. Louis.

Q. It dropped through the river?—A. It developed 54 feet out of 80 available.

Q. What is the horse-power?—A. 28,000 with flow of about 5,000 second feet.

Q. All in one stage?—A. All in one stage. If I may just complete the picture with regard to power, before we go on. I might say that a little earlier than 1902 or 1903, the Department of Railways and Canals gave a permit to the Provincial Light and Power Company to develop a head of about 54 feet by use of the summit level of the Soulanges Canal. They developed about 12,000 horse-power there at a head of 54 feet.

Mr. MORIN: Now, about the feeder.—A. The feeder was a small ditch that was originally dug early in the century, around 1925 or so.

Q. By the Seigneur?—A. Yes, by the Seigneur, Mr. Ellice.

Q. Did Mr. Ellice secure any grant from the authorities at that time?—A. Not that I know of. He just dug it, and it was designed to carry a small quantity of water from Lake St. Francis over to the St. Louis river about three or four miles distant.

Mr. MORIN: Here, I might correct you and give a few facts about the history of this land. This land is situated in the Beauharnois county, and is what is called the Beauharnois Seignior. It was ceded by the Governor of France to the then French Governor of Canada, Marquis de Beauharnois, and then ceded to the British Crown after the conquest. Well, at the time, the son of Marquis

de Beauharnois was the owner of the seignior and it was transferred to that Frenchman at the beginning of the 19th century, and then it was sold by, I think, Mr. Lotbinière, to Mr. Ellice, and Mr. Ellice was then the seignior, and this seignior had an area of six leagues in front, by six leagues in width, which means 18 miles. And then, Mr. Ellice as a seignior opened this feeder.

Mr. WHITE: Are the boundaries of the seignior shown in that plan?

Mr. MORIN: I do not think so. It does not show. The concession represents 18 miles along the St. Lawrence river.

Mr. WHITE: Does it cover the north side of the river?

Mr. MORIN: No, only the south side.

Mr. WHITE: The south side?

Mr. MORIN: Yes, and on the south side we have another seignior called the Chateauguay.

Mr. MONTGOMERY: No.

Mr. MORIN: Not Chateauguay?

Mr. MONTGOMERY: No.

Mr. FORSYTHE: de Beaujeu.

Mr. MORIN: If I say something, please correct me.

Mr. WHITE: I think the committee might be interested in knowing whether the seignior extended east and west to the whole extent of the Soulanges section of the river.

Mr. MORIN: That is, the seignior of Beauharnois? It had nothing to do with Soulanges.

Mr. FORSYTHE: Does it go from Lake St. Louis to Lake St. Francis?

Mr. MORIN: I cannot say.

The WITNESS: I know, as a matter of fact, that the dyke stops on the extreme limit of the concession on the south side, and you will have to take 18 miles from here (indicating). I do not know where it stopped on this side.

Mr. WHITE: The section is only 14½ miles long.

The WITNESS: That is quite true. The seignior must run down below Beauharnois. I am not positive of that. It must be, so if 18 miles is correct.

The CHAIRMAN: Go on, please.

The WITNESS: Now, the ditch was originally dug for the purpose of carrying water from the St. Lawrence river to the St. Louis river. It then ran down the St. Louis river and ran a mill that was operating near the village of Beauharnois to grind grain for the people in that territory. When the Hungry Bay dyke was built, of course, they had to put gates across the entrance to the irrigation ditch, and there was a long series of disputes over the ownership and the control of those gates. I am not prepared to go into the history of that, but I can file a memorandum written by one of the engineers of the Department of Railways who has made a study of it, which I have with me.

The CHAIRMAN: Perhaps you had better file the memorandum.

The WITNESS: I can do that. We can bring the man who wrote it also.

Hon. Mr. CANNON: Has that memorandum anything to do with the points of law as to ownership?

The WITNESS: I do not know.

Mr. MORIN: Not at all. If there is anything in it about ownership, I do not think it should be produced.



*By the Chairman:*

Q. Who made the memorandum?—A. Mr. Alexander of the Department of Railways and Canals.

The CHAIRMAN: Exhibit 29.

Mr. MORIN: Would you care to read it, Mr. Chairman?

Mr. CANNON: I would suggest that we might be allowed to look at it and if we have any objections we might discuss them.

*By the Chairman:*

Q. What is the substance of it.—A. The substance is, that after a suit before the Exchequer Court there was an agreement made between the people of Canada, the Robert heirs and the Minister of Public Works, by which they got the right to widen and deepen those gates providing it did not interfere with navigation; but the government retained the ownership of the gates and I think of the dyke and I believe gave him a lease in effect of the gates.

Q. Is that what is set out in this memorandum.—A. I think that is all.

The CHAIRMAN: Well, I do not think you will be hurt by that, Mr. Cannon.

Mr. CANNON: Mr. Chairman, I accept your ruling. On the other hand I think my learned friend might have a more competent way of putting it before the committee.

Mr. MORIN: We are not here to settle any questions of law, Mr. Cannon. We are just enquiring into the facts.

*By Mr. Morin:*

Q. You have spoken about this feeder.—A. Yes, I have spoken about the feeder.

Q. Then the subsequent arrangement between the department and Mr. Robert.—Yes.

Q. So now we are down to those recent years where applications were made to enlarge this feeder and to use it as a water power course.—A. That is right.

Now, the Robert family submitted a number of plans both to the Department of Railways and Canals and to the Department of Public Works for diverting water from Lake St. Francis and Lake St. Louis, whereas all the plan that they submitted was a plan which involved putting two dykes about two miles apart and flooding a great band of country, and looking towards the carrying off of a great quantity of water. Then a little later they filed a plan reflecting that diversion of 40,000 second feet. That was about 1915 and there were quite a number of reports made upon that project. They are on file in various places. Arthur Surveyor reported upon it, and others also.

The Canadian Light & Power Co., maintained for a great many years that they had the right, an almost unlimited enjoyment of right to the old Beauharnois Canal, and the original Canadian Light Heat & Power, as I read it, contemplated taking the water all the way down to Lake St. Francis and, as they did it, sidetracking some distance on. They, of course, filed plans with the Department of Railways and Canals, and also I think with the Department of Public Works, for permission to divert about 40,000 feet from one Lake to the other.

Then there was also incorporated in the province of Quebec the Soulanges power, which got from the province of Quebec certain rights—they did not get any rights that I know of but they got whatever was in their Bill anyway. That indicated that they wanted to get the right to divert the water from the St. Lawrence river to Lake St. Francis and Lake St. Louis along the north side of the section all the way down. You will find those if you want to look them up.

There were also other plans of improvement proposed from time to time. The Canadian Light & Power Co., before they began work on the enlargement of the Beauharnois canal also had a scheme for developing Coteau Rapids. I cannot remember the details of that. There may have been other schemes there but I cannot just remember them.

Q. Anyway you had many schemes before the department before 1910.—  
A. There was an application before the Department called the Sterling Company that also wanted to get the right to divert 40,000 feet. That was about 1924. Many plans were proposed.

*By the Chairman:*

Q. Then, Mr. McLachlan, up to date, excluding this Beauharnois project, the only people who were developing power south of the river is that power that is cut off out of the old Beauharnois canal, and also the Montreal Cotton Co., on the south side?—A. Yes.

Q. They were the only two that ever were successful in getting a project over?—A. Yes, that is right.

*By Mr. Morin:*

Q. And all the other applications were turned down.—A. Turned down, yes.

Q. Now, we come to this particular matter. I understand that the application of the Beauharnois was up before this department in its actual form about 1927.—A. Yes. It was before the department during the fall of 1928, really. They got certain privileges from the Quebec Legislature the previous winter, I think. I might be a little wrong there; but it was a live question anyway in the fall of 1928.

Q. Yes. And then in the fall of 1929 they were pressing this application?—A. Yes, sir.

Q. And the matter was referred to a committee of the Privy Council?—A. Yes, sir.

Q. There was a meeting of this committee at which the company were represented and all the opposing parties?—A. There was a hearing conducted by the Minister of Public Works around, I think it would be, January, 1929.

Q. Did you assist in that?—A. I did, yes. I was not present at the hearing for the reason that I attended the funeral of the late Major Graham Bell. I appeared before a committee of the cabinet and gave them a dissertation on the whole St. Lawrence river like I am doing now, and I was afterwards asked to assist Mr. Cameron, Mr. Johnston and Mr. Cote in reporting upon this matter.

Q. We have your report in the files?—A. You have our report in the files, yes.

Q. Before granting this application the Government secured your report?—A. Exactly.

Q. The report of you and the three other members of your board?—A. Yes, sir.

*By the Chairman:*

Q. That is the Canadian Section?—A. No, no. It is an interdepartmental committee, that is all you can call it.

*By Mr. White:*

Q. Who were the members?—A. I did mention Mr. Cameron, Chief Engineer, Public Works. He was one member.

*By Mr. Stewart:*

Q. He was Chairman.—A. There was no chairman elected. We did him the courtesy of signing the report, but there was no chairman elected really. We were all, in a sense, assisting Mr. Cameron. There was J. P. Johnston and Louis Cote, Chief Engineer of the Department of Marine.

*By Mr. Morin:*

Q. And you had before you their application and their plans?—A. And their plans, yes.

Q. And you made your report?—A. We made our report.

Q. This was an application for how many thousand feet?—A. We interpreted this as being an application for approval of a canal to carry 40,000 cubic feet per second.

The CHAIRMAN: Where is the application?

Mr. HELLMUTH: Mr. Chairman, there is a report. Surely that report must speak for itself.

The CHAIRMAN: I am just asking for the application, Mr. Hellmuth.

Mr. HELLMUTH: I was addressing myself to the question asked by Mr. Morin, which would imply that he was going to give some explanation in regard to the report. I submit the report must speak for itself.

Mr. WHITE: Surely an engineer can explain his report.

Mr. HELLMUTH: I am just taking exception. I take it there were some objections. The objections are stated in the report if there are any, and the answers to these objections are also stated in the report. I submit that this engineer is not entitled to qualify or change the statements that he made there.

The CHAIRMAN: No, I do not think that he would unless in the light of subsequent knowledge he might be able to correct himself.

Mr. HELLMUTH: Still, he made a report at the time.

The CHAIRMAN: It is highly advisable that the report should go in. I think it should be read.

Mr. WHITE: I will read it. What is the date of the report.

The WITNESS: I have a copy if you want a copy of it.

Mr. MONTGOMERY: 30th January, 1929.

Mr. HELLMUTH: I am not suggesting that the report should be read at this moment. It is too long.

Mr. JACOBS: Well, you have started something.

The CHAIRMAN: I think we had better have it all read.

Mr. WHITE: Will we do it now or to-morrow morning.

The WITNESS: The report I made, if you will permit me, is a public document. It was returned to the House.

The CHAIRMAN: I quite understand that. A public document returned to the House does not mean anything to me if I do not know what is in it. We will adjourn then until to-morrow morning at 11 o'clock.





ROOM 231, HOUSE OF COMMONS,

FRIDAY, June 26, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at two o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., for the Committee.

G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Lucien Moraud, K.C., for the Royal Trust Company.

MR. WHITE: Before starting with the reading of a report which I threatened to read yesterday afternoon, it has been suggested by Mr. Henry, who has been making some inquiries as to our means of getting to Beauharnois on Wednesday, that there is a train leaving the city here at 7.50 in the morning, which is 8.50 daylight saving time, and it arrives at Valleyfield at 10.20. Transportation can be there provided to the dyke, which is the head of the canal, and from there we can go up and down where we like on the railway of the company, and we can get back here at 7.10 by leaving Valleyfield at 4.45 in the afternoon, or 9.50 by leaving Valleyfield at 7.35, whichever suits the convenience of the committee. The object in speaking of it now is, if that arrangement is made, Mr. Henry says he can arrange with the railway company to put on a parlour car which would be at the disposal of the committee and counsel, and if that arrangement is suitable we can see that the necessary arrangements are made. We can also get luncheon down there at the company's mess, or somewhere else. Nothing has been said about any other refreshments.

The CHAIRMAN: I think that is a good arrangement.

MR. WHITE: Shall I ask to have those arrangements made in that way?

Sir EUGENE Fiset: Is that by the C.P.R.?

MR. WHITE: No, the Canadian National.

Then, I have been thinking over the proceedings for the future, and I ran into some mechanical difficulties. I am told that there are hundreds of pages of minutes. I have been supplied with a few of them of one company.

MR. MONTGOMERY: That is practically all of one company.

MR. WHITE: Yes, the Beauharnois Light, Heat and Power Company; and in view of the speeches of Mr. Gardiner in the House, it is quite obvious to me that an extensive study has to be made of the minutes of those two companies and perhaps some subsidiaries. Now, if that has to be done, it is going to take considerable time. A suggestion has been made that we might be supplied with copies of the minutes, but that does not relieve counsel, as I see it, from the responsibility of themselves ascertaining that the minutes as supplied are correct copies, and copies of all of the minutes that are relevant to any question that is before this Committee. Then, in addition to that there are, in that connection, questions of authority for certain possible disbursements of the company which will have to be examined, and that means that somebody has to check the accounts and vouchers.

MR. MONTGOMERY: Which is a very big job.

MR. WHITE: I appreciate that. If it is the wish of the committee that those inquiries be made, it is perfectly obvious that we cannot say to this com-

pany, "Why bring your books and cheques and vouchers and so on," and get three or four drays and brings them up into the committee room. So that it has occurred to me that it would be a great saving in the time of the committee, and also of the counsel if you were to authorize or select some responsible firm of auditors to act on instructions from the Chairman or from the committee in regard to whatever inquiry is required to be made; and then the committee may be prepared to take his evidence instead of our having to go into the whole question in detail.

The CHAIRMAN: Your suggestion is to have the committee recommend to parliament who would give authority to employ an accountant?

Mr. WHITE: Or a firm of accountants. My suggestion would be that it be some firm of accountants well known to the public, and whose statement would be acceptable to the country.

The CHAIRMAN: A firm of accountants well in the favour of the country.

Mr. WHITE: Yes.

Mr. JACOBS: A reputable firm. Mr. Gardiner was so well informed as to make two effective speeches without examining those minutes. I think we ought to take them as read, unless he found something in there that he wishes to bring out.

Mr. WHITE: I do not suppose Mr. Gardiner is prepared to give evidence that he has read them; that these are the minutes, and these are all the minutes which are pertinent to this inquiry. It would be also quite an advantage to have some younger counsel do that particular work, go through those minutes carefully and note what particular parts of them should be brought to the attention of the committee. If I have to do that or Mr. Morin has to do it, we will have to ask for longer adjournments.

The CHAIRMAN: I think that is reasonable.

Mr. JACOBS: Was the suggestion the accountant should read the minutes?

Mr. WHITE: Only in so far as they are the necessary authority for any disbursements which are called into question.

Hon. Mr. MACKENZIE: I think that is a good suggestion, so far as I am concerned.

Mr. JACOBS: It is a reasonable one.

Mr. WHITE: Mr. Jacobs, in addition to that, somebody has to go through the minutes very exhaustively, somebody who knows what we are driving at here, and select certain portions of them for presentation to the committee, and we will have to be assured that these are all of the things which are pertinent and in order here. My suggestion is that instead of Mr. Morin and myself doing that, that we can get a younger man—

Mr. JACOBS: Younger and cheaper.

Mr. WHITE: And better, perhaps; and there would be in that way quite a saving in expense. That is the object of it.

Mr. JACOBS: We are in danger of running into prorogation if we do that, and all our work will go for naught.

Hon. Mr. MACKENZIE: There is a very remote danger.

Mr. WHITE: Well, what I had in mind is this; I heard a little rumour yesterday that prorogation might come sooner than had been anticipated.

Sir EUGENE Fiset: Let us hope so.

Mr. WHITE: So that if the committee had authority to authorize me to retain someone who could work with me in that respect, and with Mr. Morin—

The CHAIRMAN: I think the committee already has authority from parliament to employ counsel.



Hon. Mr. MACKENZIE: Is it your suggestion to have one junior counsel and an auditor do the work?

Mr. WHITE: Yes.

The CHAIRMAN: If you and Mr. Morin come to the conclusion that that will shorten the work of this committee, my suggestion to the committee is that we should follow it. I would suggest that we should adopt anything to shorten up the investigation, and at the same time get all the pertinent facts on the record. If one of you would ask that we would have to get authority from parliament for an auditor.

Mr. MONTGOMERY: If I might be permitted to say a word or two. I do not want to say anything to weaken my friend's application for a junior counsel. If he feels that he needs one, that, of course, is a matter for him to decide. As far as the minutes are concerned, I am quite sure if my friend would look over the copy of the minutes that was handed him last night, he would not be so impressed with the difficulties in connection with them. As a matter of fact, I am quite certain my friend, who has had much experience in these matters, could digest all those minutes in half an hour, and pick out anything that was necessary.

Mr. WHITE: I got them only half an hour ago.

Mr. MONTGOMERY: Now, as to the auditor. I have grave fears if you are going to appoint outside auditors, and prorogation is coming soon, you will hardly get the results of their efforts. A responsible firm of auditors would not give a good certificate until they had thoroughly examined everything, and I am quite sure that in a company such as this, where they are in the construction period, which has been the heaviest part of their expenditures for the past couple of years, the disbursements are so considerable that an outside firm of auditors coming in would take a very much longer time than I hope this committee will have at its disposal. Now, the auditors of the firm, Ross and Sons, who have audited the company's books for quite a while, I am sure would supply every bit of information required and they have all the work that should be done—they are a highly reputable firm and—

Mr. JACOBS: They have been doing business for the Dominion Government for many years.

Mr. WHITE: There is no question about the reputation of Ross and Sons.

Mr. JACOBS: Ross and Sons is one firm whose certificate you would take on either side.

The CHAIRMAN: Why should we be concerned about the expenditures of monies on the construction of the works?

Mr. WHITE: Not a particle. What I had in mind, sir, is this: there are certain practically specific charges in the speech of Mr. Gardiner, and matters that have to be investigated.

Mr. MONTGOMERY: Supposing you did put anyone on the items that were referred to by Mr. Gardiner, and authorized him to go through and make an investigation, that would not warrant them giving a certificate. They must make a thorough examination, go through everything.

Mr. WHITE: No.

Mr. MONTGOMERY: I think so.

Mr. WHITE: That is not what I had in mind at all.

Mr. MONTGOMERY: I do not think you have it in your mind from the chartered accountant's point of view. They give a certificate about a matter after they have made a thorough search to warrant them in giving the certificate. I only suggest it, as a matter of time, as there is a reputable firm of auditors

engaged by the company at the present time, that possibly you could ask them first and find out whether you could get the information from them that is required.

The CHAIRMAN: What members of the firm of Ross and Company do the auditing?

Mr. MONTGOMERY: I think General Ross and Mr. Hawthorne.

The CHAIRMAN: There is a suggestion.

Mr. WHITE: Of course there cannot be any possible question about the reputation of the firm. The difficulty which I experience is that they are interested as the auditors of the company, and I think in the interests of the investigation any person who is asked to give evidence of that kind should be an independent person who has no connection with the company. One can easily appreciate that a firm of auditors would have the very best reputation, but they would not be possibly zealous in trying to find out what we want to find out.

Mr. MONTGOMERY: It is a sort of reflection on the auditing profession.

Mr. WHITE: No, it is not intended to be so. It is not a reflection intended for anybody, as such. It is just as true now as it was when it was first said, "Where a man's treasure is, there will his heart be also."

Mr. MONTGOMERY: That again is a reflection on the auditing profession.

The CHAIRMAN: I think it applies to lawyers, generally.

Mr. MONTGOMERY: We are just hired men, an auditor is something more than that.

The CHAIRMAN: If we get authority to employ an auditor I assume his instructions would be to direct his efforts only towards auditing those matters which are referred to in Mr. Gardiner's speech, and the matters that are within the compass of the order of reference.

Mr. WHITE: Yes.

The CHAIRMAN: The reference is quite broad in its terms, and an auditor might feel he would have to go into the total expenditure, including construction—

Mr. WHITE: As far as the totals are concerned, Mr. Chairman, I would be perfectly willing to take the figures of the Ross firm, and I am sure the committee would, but when it comes to a detail, then I think in the interests of the committee itself it is highly advisable that these matters be investigated by an independent firm of auditors.

Mr. LENNOX: Why should you not get in touch with them and see what information you can get and if it is not quite satisfactory, then the committee could recommend some independent auditor.

Hon. Mr. MACKENZIE: That is a good suggestion.

Mr. WHITE: For instance, supposing I say to the company or to counsel for the company, "I want a statement from your auditor as to any payments made to so and so," and the statement is furnished to me, is the committee going to be satisfied with that? If the committee is satisfied, I am perfectly satisfied.

Hon. Mr. MACKENZIE: Call him to give evidence before the committee.

Mr. LENNOX: We will be satisfied if you are. I mean to say, you are investigating it.

Mr. WHITE: That is the situation and I do not know what could be found out on an examination of those books of the companies referred to. I would like to feel that my duty was being performed thoroughly by having somebody whom I could direct to make such inquiry as I thought ought to be made.

The CHAIRMAN: Gentlemen of the committee, I have discussed this matter with Mr. Jacobs, who has had a very wide experience in matters of this nature, and we have this suggestion to offer; that we ask for authority to engage an auditor, and we would instruct the auditor to consult with the auditors of the company and direct an examination of the affairs of the company insofar as they are referred to in Mr. Gardiner's charges. Now, that should not be a difficult thing for an auditor if he has the assistance of the company's auditors, and he should be able to get through a statement to cover the charges in a very short time, and to cover the situation very well.

Mr. WHITE: I think so, yes.

The CHAIRMAN: And then, with respect to further assistance to yourself, Mr. White, and Mr. Morin, if you feel that you should have some other assistance, then I think the committee is quite willing to ask for authority; we would not need authority, we have it now, and at adjournment we will have a discussion with you as to who should be employed, and I think we can arrange it that way.

Mr. WHITE: Would the same sub-committee deal with this matter as dealt with the appointment of counsel?

The CHAIRMAN: Yes. Now, let us get on.

Mr. WHITE: I think perhaps, I shall be able to eliminate part of this report. This is a report dated January 30, 1929.

The CHAIRMAN: Does it go in as an exhibit?

Mr. WHITE: It is in as an exhibit, on page 187 of exhibit 17, 804-1-D.

Mr. JACOBS: Mr. McLachlan's report, Mr. White.

Mr. WHITE: This is the report mentioned yesterday.

Sir EUGÈNE Fiset: Mentioned in P.C. 422.

Mr. WHITE: Signed by K. M. Cameron, Chief Engineer, Department of Public Works, D. W. McLachlan, Engineer in Charge, St. Lawrence Waterway project, J. T. Johnston, Director, Dominion Water Power and Reclamation Service, L. E. Cote, Chief Engineer, Department of Marine.

Hon. Mr. MACKENZIE: Do you intend to call any of those engineers in regard to this report, or are you going to let the report speak for itself.

Mr. WHITE: Mr. McLachlan has already spoken in regard to it, and I understand some questions may be asked him.

Hon. Mr. MACKENZIE: My suggestion is, if you are going to call one, I should like to see them all called.

Mr. JACOBS: If Mr. McLachlan is going to interpret his report, I think the other gentlemen who signed it ought to have the same privilege.

The CHAIRMAN: Was it an unanimous report signed by all the engineers?

Mr. WHITE: Yes.

Mr. FORSYTHE: Are you putting that in as a separate exhibit?

Mr. WHITE: No, it is in as a part of exhibit 17.

Report Upon the application of the Beauharnois Light, Heat and Power Company under the Navigable Waters Protection Act, for approval of plans to divert 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis on the St. Lawrence River via the South Shore.

OTTAWA, January 30, 1929.

1. The application, dated January 17, 1928, from the Beauharnois Light, Heat and Power Company, addressed to his Excellency, the Governor General in Council, asks approval of the Company's pro-



posed development, and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 c.f. of water per second.

2. In connection with the foregoing application the company offers to construct its power canal and to operate its power development in such a manner that the canal will conform to navigation standards, and to install such remedial works as may be necessary to avoid injury to existing power developments and to maintain the level of Lake St. Francis at such elevation as may be required for navigation.

3. The Company further offers to install in connection with its power canal, at a cost not to exceed \$18,000,000, such locks and other works as are necessary to provide deep water navigation, conditionally upon the company having a right to enlarge its canal and to divert through it and utilize for the development of power, all the flow of the St. Lawrence between Lake St. Francis and Lake St. Louis, with exception of water required for the Soulanges Canal and of that quantity of water to the use of which existing power plants are now legally entitled.

Mr. WHITE: Now, there was a question as to what that figure of \$18,000,000 covered, and I think perhaps if Mr. McLachlan is in the room, he could explain that.

Mr. McLACHLAN, recalled.

*By Mr. White:*

Q. What is the meaning of this \$18,000,000 figure?—A. That was the estimated cost of the added locks to a canal for navigation through that section.

Q. Where I see—A. As shown in the International Joint Board of Engineers report. That applied to the flight locks at the lower end.

Mr. JACOBS: May I suggest that you stand half way between the two tables?

The WITNESS: The \$18,000,000 was the cost of adding locks to a canal such as the Beauharnois Company were proposing to build, plus lift bridges and some other things of that nature, that would enable it to be used as a deep waterway route from Lake St. Francis to Lake St. Louis.

Mr. MACKENZIE: An initial sum to be spent, and included some of the extra—

Sir EUGENE Fiset: It was an estimate, purely and simply.

The WITNESS: It did not include that. Really, the Beauharnois company's engineers made use of the figures which were in the Joint Board of Engineers' Report.

Mr. WHITE: The expenditure was to be made by whom?—A. By the Beauharnois company.

Q. I see.—A. On condition that the Dominion government gave them all the water excluding what was used by Cedars.

The CHAIRMAN: Is this sum of money, the \$18,000,000 to provide for the same work that is set out in paragraph B on page 4 of 422, where it says:

The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately \$16,000,000.

The WITNESS: Oh no, that is a different thing altogether. Will you repeat your question, Mr. Chairman?

The CHAIRMAN: I refer to the \$18,000,000 being the estimate of the navigation end of the project, on page 4 of p.c. 422, and letter B at the end of that page. I shall read the paragraph:

The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately Sixteen million dollars (\$16,000,000) and will be paid by the company.

The WITNESSES: No: that \$16,000,000 is the amount that the federal government would normally spend between the upper end of the flight locks and Lake St. Francis if they built a canal through that territory for navigation only.

Consequently, the digging of the canal by the Beauharnois company if satisfactory in all its respects would save the federal government, according to that view, \$16,000,000. It would really save the federal government \$10,000,000 if the federal government took that as the route they would follow instead one probably available if the Beauharnois project had not intervened.

Sir EUGENE Fiset: It is a clear saving to the federal government of \$16,000,000.

The WITNESS: Not exactly, because under certain conditions it might be a saving of \$16,000,000, but just what those conditions are would take quite a little while to explain.

Mr. WHITE: Does the committee desire to have the explanation, or should the inquiry proceed?

Mr. JACOBS: Perhaps we could have it a little later.

Sir EUGENE Fiset: That \$16,000,000 is only an estimate.

The WITNESS: It is only an estimate, yes, sir.

Mr. WHITE: Perhaps we had better find out from Mr. McLachlan what those conditions are.

The WITNESS: Well, the conditions are these; the Dominion government would have had to spend about \$37,000,000 to build a satisfactory canal for navigation alone from Lake St. Francis to Lake St. Louis, providing there was no power ever developed in connection with the section that would help along the joint development. If, however, power was developed by the province by one scheme, that cost would be reduced to \$31,000,000. In fact, the cost would be \$31,000,000 if the recommendation of the Joint Board of Engineers as regards development was followed. That is, the cost for navigation work alone would be \$31,000,000. There is another scheme that was put forward as an alternative—

The CHAIRMAN: I thought you said a moment ago \$37,000,000.

The WITNESS: I did, sir. If development of the section had proceeded for power and navigation at the same time, synchronized at the same time, the cost of adding works for navigation would be \$31,000,000, not \$37,000,000.

*By Mr. White:*

Q. A saving of over \$6,000,000 or thereabouts by reason of the synchronization of the construction?—A. Absolutely, yes. Consequently the \$16,000,000 that was reported as being saved to the federal government is really reduced to about \$8,000,000 or \$10,000,000, reduced to about \$8,000,000 for all practical purposes.

The CHAIRMAN: I do not understand what 4 B means, then.

The WITNESS: Let us read it again.

The CHAIRMAN: Let me read it out loud.

The WITNESS: Yes, sir.

The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately sixteen million dollars (\$16,000,000) and will be paid by the company. The company will also instal such remedial works as may be necessary to avoid injury to existing power developments and will maintain the level of Lake St. Francis at such elevation as may be required for navigation.

The WITNESS: Well, that is a misleading statement, really.

The CHAIRMAN: It most certainly is.

The WITNESS: It is a misleading statement because, in fact, it would be only by the most extreme condition of divergent action by the province and by the dominion, or by developing the power and developing the navigation that such a condition would be set up.

The CHAIRMAN: Can you show me in the report of the Joint Board of Engineers where they come to this conclusion. I will just pursue that while you go on with your evidence. Can you show it to me? It says here, "The capital amount properly chargeable to navigation in this connection—" and so on. We have the report here. Can you with some expedition show me where they come to that conclusion?

The WITNESS: I cannot explain it, but I can produce a plan to show you.

The CHAIRMAN: That might help.

The WITNESS: There is no such statement in the Joint Board of Engineers report as that. The Joint Board of Engineers never at any time set out exactly what certain sections of the canal would cost, separately, or any sections of the canal.

The CHAIRMAN: Can any one explain why this 4B. was in this report. Does it mean anything?

The WITNESS: Well it does mean something.

Mr. JACOBS: You helped to incorporate that in the report, didn't you?

The WITNESS: Well it means very little because the Dominion Government did not act on this first suggestion of the Beauharnois company at all. We did not act on it, and it was washed out by a later statement of Mr. Geoffrion on behalf of the Power company before the Minister of Public Works, and it is on that that the Dominion Government acted, so I do not think you should bother yourself unduly about that particular thing, because it is love's labour lost; it was not acted upon, so it was lover's labour lost, I would think.

Mr. WHITE: We just want to understand what it really did mean, this clause 4, "The application in full is attached hereto as appendix I."

The WITNESS: I understand those are these, and practically the one attached to the original application. A hearing was held on January 15, 1929, by the Honourable the Minister of Public Works.

Mr. WHITE: May I ask you about that. Attached to this report your Committee of Engineers, and I think, Mr. Chairman, we had better refer to it as the Committee of Engineers so as to distinguish them from the Joint Board, which is an international board.

The CHAIRMAN: It is merely a departmental board.

Mr. WHITE: We can call it the Committee of Engineers, and then we will all understand what is meant.

Paragraph 5, Mr. McLachlan, says, "The company has filed, in support of its application, numerous documents and plans which are listed hereto, as



Appendix 11." Are those the plans in effect, which are attached to the original Order in Council 422?—A. They are. They include those. They include what was attached to the Order in Council, and also include a great many other things, reports of engineers to the company.

*Mr. White:*

Q. I am talking about plans only. There are only five attached to the report.—A. They include the plans that are attached to the Order in Council and others also.

Q. There are twelve attached to the Order in Council.

Mr. MONTGOMERY: There are twelve listed in the appendix. The same twelve are listed in the appendix, in addition to two others?

Mr. WHITE: We will take it as correct, then.

Sir EUGENE Fiset: Mr. McLachlan, of the twelve plans attached to the Order in Council, two are general plans and ten of them are detailed plans. are they?—A. I would think there would be about three general plans and the rest would be detailed plans. There is a planning showing the location of the centre line of the canal and power house on a large scale. Then there is another plan.

Sir EUGENE Fiset: We saw them.

The WITNESS: There is another plan showing the river works, and another plan showing the works at the outlet of Lake St. Francis.

Sir EUGENE Fiset: That is sufficient for my purpose.

Mr. WHITE:

#### HEARING BEFORE MINISTER OF PUBLIC WORKS

6. A hearing was held on January 15, 1929, by the Honourable the Minister of Public Works, assisted by the Honourable the Minister of Marine and Fisheries, and the Honourable the Minister of the Interior, at which all interested opposing the application of the Beauharnois Light, Heat and Power Company were given the opportunity to present their views.

7. At this hearing Mr. Geoffrion, representing the Beauharnois Company, filed the following statement:

"The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council, is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the company between these two points, and any condition that the Government may exact, in any wording satisfactory to the Government involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the company will submit to any such alteration."

8. The interests opposing the company's application were:

The Shipping Federation of Canada,  
The Canada Steamship Lines, Limited,  
The Dominion Marine Association,  
The Cedars Rapids Manufacturing and Power Company,  
The Soulanges Power Company,

The Canadian Light, Heat & Power Company,  
The Great Lakes and Atlantic Canal & Power Company, associated with the Transportation and Power Company.

9. These interests filed certain documents in opposition to the Beauharnois Company's proposals as listed in Exhibit 111.

Mr. WHITE: I think perhaps we ought to pause for a moment and take a look at those, simply for the reason that we have them—

The CHAIRMAN: Mr. Montgomery, were all those projects withdrawn before P.C. 422 was passed?

Mr. MONTGOMERY: I do not think so. We were appearing for some of the contestants at that time.

Mr. MACKENZIE: You know both sides of the case, then, Mr. Montgomery?

Mr. WHITE: Appendix 3 simply says that certain objections were filed and gives a list of those who are filing them. They are in the record in this file, and they can be referred to later.

Briefly, shipping interests asked protection for navigation and represented that it would be injured if the company's proposals were carried out, and objected to anything being done that would prejudice the paramount position of navigation.

Power interests asked protection for existing interests, and represented that nothing should be done to jeopardize the overall development of the Soulanges section in an economic manner.

The Soulanges Power Company and the Cedars Rapids Manufacturing and Power Company both definitely offered to go ahead and develop the Soulanges reach in accordance with the Joint Board's Ile aux Vaches project.

You mean by that, when you say "Soulanges reach", the section of the river from Lake St. Francis to Lake St. Louis?—A. Yes.

#### *Scope of Consideration by this Committee.*

Since the application deals expressly with an initial flow of 40,000 cubic feet per second diverted through the company's proposed works, this committee will deal specifically with that diversion and the manner in which it may affect the development of future navigation and power.

#### *Works Proposed by the Beauharnois Company.*

The works proposed by the Beauharnois Company consist of the following:—

##### *By Mr. White:*

Q. This report is predicated upon the withdrawal of 40,000 cubic second feet; that is correct, is it?—A. Yes.

Mr. MONTGOMERY: The report speaks for itself. I take a decided objection to Mr. McLachlan interpreting this report. He is only one of four engineers, and the report speaks for itself, and can speak as well as Mr. McLachlan. I do not know what his attitude is in regard to that, but I do wish to point out at the present time that if he is going to interpret it—

Hon. Mr. MACKENZIE: I took the stand this morning, if one is to interpret it, we should have all four.

The CHAIRMAN: We may as well have four interpretations.

Mr. WHITE: It is not a question of interpretation at all. I asked him what the report was predicated upon. If that is interpretation, then I do not know the meaning of the word.

*Works Proposed by the Beauharnois Company.*

14. The works proposed by the Beauharnois Company consist of the following:—

1. A canal extending from Hungry Bay, at the foot of Lake St. Francis to Melocheville, at the head of Lake St. Louis, said canal being contained between banks which are 1,100 ft. apart where hard materials are encountered, and 4,100 ft. apart, where soft materials are encountered.
2. A power house at Melocheville equipped with ten 50,000 H.P. Units.
3. Regulating works at Thorn Island and at Leonard Island. These are designed to hold up the levels of Lake St. Francis, when a diversion of 40,000 c. f. s. from that Lake is made.
4. A series of works in four rapid stretches of the river between Thorn Island and the head of Lake St. Louis. These are designed to maintain existing depths in channels, and also to maintain existing levels at the head and foot of the Cedar Rapids works.
15. The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway.

*By Mr. White:*

Q. In this connection can you tell me off hand what the depth of water in the channel of the Cedar Rapids is? A. The channel in the river opposite the Cedar Rapids power plant?

Q. Yes. Where the boats go through, the shallowest part.—A. Passenger boats run a service there. They draw seven feet, two inches of water, and the channel is a little less than that, I suppose about nine feet, that is what the chart says.

Q. A little more?—A. A little more than that, yes, about nine feet. That is what the chart says. That nine foot depth occurs at one point in the Coteau Rapids, and about two points in the Cedar Rapids, and about two points in the Split Rock and Cascade rapids.

Mr. MORIN: Sometimes they strike bottom.

The WITNESS: Yes, sometimes they strike bottom.

Mr. MORIN: When the water is low.

The WITNESS: Yes.

*By Mr. White:*

Q. Have you studied the situation to enable you to state as to whether a withdrawal of 40,000 cubic second feet would affect the depth of water in the channel?

Mr. MONTGOMERY: That is something which is dealt with in the report. I do not know whether we are going to get another report from Mr. McLachlan—

Mr. WHITE: Surely I can call a witness and ask him a question on the report, and whether he made an examination or whether he did not. If my friend desires to cross-examine him, he has a perfect right to do so.

Mr. MONTGOMERY: It is not a matter of cross-examination at all. I quite appreciate this committee does not consider itself bound by all the rules, the



technical rules of evidence, but there are certain elementary principles which I submit should govern this committee, and this is one of them. When a witness has signed a report and that report is available my friend is in this position, that the report speaks for itself. If it is a matter of understanding the report the witness may be asked to explain it; but the subject matter of the discussion is covered by the report that is before us at the present time, and I understand we are engaged in the reading of this report. If my friend wants to examine the witness on other facts which are not contained in the report, why, he has a perfect right to do so.

Mr. WHITE: I suppose because a man has written a letter his mouth is sealed forever, whether he was mistaken when he wrote it or not. That is the effect of my friend's contention, certainly.

The WITNESS: May I be allowed to—

Mr. MONTGOMERY: Would my friend Mr. White indicate to me what he has in mind in having Mr. McLachlan say that he was mistaken in the report which is signed with three other engineers.

Mr. MORIN: He will not say so.

Mr. MONTGOMERY: Then my friend's illustration is quite inapt.

Mr. WHITE: Surely, my friend is not contending that a man's lips are sealed because he happened to sign a report.

Hon. Mr. MACKENZIE: It seems to me, if we are going to discuss a report of four engineers, the four engineers should be in the room.

The CHAIRMAN: Mr. Montgomery, supposing Mr. McLachlan answered the question in such a way as would contradict his previous report, the fact that it is at variance with his previous report is not helpful to us, so far as we are concerned.

Mr. MONTGOMERY: I take it the government presumably acted upon this report, and were warranted or not warranted in doing so. The report is there, and is the report upon which, presumably, the Minister and the government acted in granting these rights. Now, is Mr. McLachlan going to be permitted to come forward and say he is mistaken in his report?

The CHAIRMAN: If he does so, it is merely a reflection on Mr. McLachlan's judgment, and that is as far as it goes.

Mr. MONTGOMERY: I do not know how far it would be useful in investigating Mr. Gardiner's charges which are really the primary object of this investigation.

The CHAIRMAN: What is the question, Mr. White?

Mr. WHITE: I have forgotten it now, but I shall try to formulate it again.

Mr. JACOBS: The reporter will read it for you.

Mr. WHITE: I shall put it this way; does this report deal with the effect of the withdrawal of 40,000 cubic second feet from the river upon navigation in the rapids section?—A. Yes, this report deals with all those questions.

Q. Then, we shall come to it.

Mr. MONTGOMERY: Now we are pleased with Mr. McLachlan.

Mr. WHITE: It seems to me we could get along without those interruptions.

The St. Lawrence river is now improved by side canals so as to give a depth of 14 feet between Lake Ontario and Montreal. The Soulanges Canal, which connects Lake St. Louis and Lake St. Francis is an essential link in this system. In low water periods usable depth in this system is controlled by that available over sills at lock No. 15, at the foot of the Cornwall Canal, and at lock No. 5 at the head of the Lachine Canal.

As these canals now carry a large traffic, and as a lowering of Lake St. Francis reduces depth at Cornwall, nothing can be allowed which lowers the level of Lake St. Francis. This fact is recognized by the Beauharnois Company. They propose regulating works south of Thorn Island, and north of Leonard Island. These are designed to control the flow of the St. Lawrence River at the head of Coteau Rapids to a sufficient extent to compensate for the lowering effect of the diversion proposed. Our analysis shows that they have sufficient capacity to accomplish this object, except during short periods when easterly winds operate on the surface of Lake Ontario, during extreme low periods such as occur in the autumn about once in twenty years. It would appear that a light extension of the works proposed at Thorn Island and Leonard Island is necessary to maintain present depths in 14-foot system of canals at all times. This can be done by constructing an additional dam between Thorn Island and Maple Island, or by other alterations in works which can be easily made.

*By Mr. White:*

Q. Would you point out to us on the map where those dams were to be?—

A. The three dams were to be here (indicating on map).

Q. The three dams, as indicated on the map are really at the entrance of Lake St. Francis into the rapid section of the river?—A. Yes, at a point where the water level is two feet below the level of the lake.

Q. I see:

17. These works, when satisfactorily operated, should be capable of maintaining an outflow from Lake St. Francis corresponding to the natural regime in the past, and in this way the objection registered by the Shipping Federation of Canada, as to the possible fluctuation of Montreal Harbour, would be satisfactorily met. It is essential that regulations to secure this objective be applied.

#### EFFECT OF WORKS ON NAVIGATION AT AND BELOW MONTREAL

18. The effect of diverting water from Lake St. Francis to Lake St. Louis, can be prevented from making any difference in the level of Lake St. Louis, or extending to Montreal, so long as the flow through the Soulanges Section is prevented from varying from hour to hour throughout the progress of the day. This maintenance of a uniform flow through power works, generally, in the Soulanges Section, can be accomplished so long as the flow used for power is not greater than the minimum flow of the river during the navigation season. As the progressive development of the Soulanges Section for power proceeds, the time must come when economic conditions will force the use of more than the minimum flow of the river for power.

When you refer here to the Soulanges section that does not mean, I take it, the Soulanges Canal but the whole section of the river?—A. Yes.

Mr. WHITE: Then continuing:—

If, and when, this takes place, something will have to be done to prevent the surges set up by hourly variation from reaching Montreal Harbour, unless at that time something is done below Montreal to raise river levels generally at that point. In the Joint Board of Engineers Report, the ultimate utilization of a maximum flow of 250,000 c.f.s. for power was visualized. This will necessitate controlling the flow out of Lake St. Louis in the interests of navigation at and below Montreal by

means of a regulating dam during the navigation season. If, therefore, it should transpire that the Soulanges Section is improved to its fullest extent for power, before a dam at the foot of Lake St. Louis is required for other purposes the power interests in the Soulanges Section should be assessed for the construction of such a work.

19. Provision in approvals now granted should be made for the assessing of all companies in the Soulanges Section for such works, should assessment be required.

#### EFFECT OF WORKS ON PRESENT RAPIDS NAVIGATION

20. The remedial works proposed in the Rapids between the regulating works at Thorn Island and the Head of Lake St. Louis consist of rock filled dams at four places and channel improvements at five places. In the hearings that have been held, the Canada Steamship Lines, supported by the Dominion Marine Association, expressed grave doubts as to the efficacy of these works, and suggested it would be almost impossible to do anything to preserve such navigation should the diversion of 40,000 sec. ft. be allowed.

21. Some of these works are not well planned and, if built, would, we believe, fail to preserve present depths in rapids. The rock filled dam shown between Ile Juilliet and Grande Island would be very difficult to construct. If built, it would raise high water levels too much or low water levels too little to be satisfactory. It would probably be damaged by the action of ice in water. The objects sought might be obtained by building a long structure in shallow water farther up stream. An overflow dam of timber crib construction might be used for such a work. It would give a crest line which could when necessary be adjusted. The idea of directing passenger boat channels from south of Ile Ville Mable to the shoal areas north is not favoured by this Committee. The Committee believes that the maintenance of depths in existing channels would be more satisfactory to navigation.

22. The excavation of solid rock above and below Prisoners Island should, we believe, be avoided by designing and building works which will hold up water levels at these points rather than attempting by dredging to compensate for lowering. The excavation shown in Split Rock and Cascades Rapids is more difficult to avoid, but, even at these points, we believe more satisfactory results would be obtained by use of longitudinal training works, than by excavation.

23. On the site of some of the works, foundation conditions are undetermined. This uncertainty may not be serious, on account of the works not being of great magnitude, but, because of this lack of information, and on account of the varying flow conditions of the river as between winter and summer seasons, the works must be largely experimental, and arranged so that changes can be made as conditions require. The uncertainties connected with this matter, are much greater than those connected with any other feature of the proposed diversion.

24. The plans for the development of the Soulanges, as of other rapids sections, for power presented by the Joint Board of Engineers, as well as other schemes for partial developments which have been considered, result in permanent discontinuance of the rapids section for navigation, and the transfer of all navigation to side canals on these sections.

25. In the Soulanges Section, therefore, the expenditure involved in maintaining this 7 ft. or rapid navigation is likely to be lost in a



short time through the development of a further stage for power. The works necessitated for the preservation of this navigation are relatively costly, and, moreover, are of a largely experimental nature.

26. Before proceeding with an endeavour to maintain rapids navigation in the face of possibilities heretofore mentioned, the alternative of discontinuing the Soulanges Section for rapids navigation and the saddling of the loss to this existing utility on the power developments to which it would give way, might well be considered.

27. In granting approvals for power development, therefore, provision should be made for the assessing of such losses as may be determined.

28. The Committee while offering the suggestions aforementioned can only recommend approval of these works *subject to modifications* to meet conditions as experience shows them to be necessary.

#### EFFECT ON PRESENT POWER DEVELOPMENTS

29. There are, at present, four large power developments in the Soulanges Section. The largest of these is the Cedars Rapids Manufacturing and Power Co. This plant was set up by lease of land from the Province of Quebec, incorporation by Dominion Act and approval of plans by the Department of Public Works. The second largest of these is the Canadian Light and Power Company's plant at St. Timothee. This plant was brought into being by lease of the old Beauharnois Canal from the Department of Railways and Canals. This canal has been since enlarged. The third largest development in the section is the Provincial Light and Power Company's plant below Cedars. It is now owned by the Montreal Light Heat and Power Company. It came into being through lease of surplus water from the Soulanges Canal, granted by the Department of Railways and Canals. The fourth development in the section is the Montreal Cotton Company's plant at Valleyfield. This plant and a few others at that point came into being by a gradual extension of water privileges obtained from the Department of Railways and Canals at a dam which was associated with the Beauharnois Canal. The smallest power plant in the section is at the mouth of the A La Grosse river. It is used to light and operate the Soulanges Canal, and is owned by the Department of Railways and Canals.

30. The Beauharnois Company's plans are designed to maintain the level of Lake St. Francis in future at the same elevation as it has held in the past. As a consequence no change need be expected in the head-water conditions of the three power plants set up by lease from the Department of Railways and Canals.

31. The design of remedial works for use in the Rapids below Grande Island is not yet worked out in a satisfactory manner, but, in any case it may be taken for granted water levels will not be raised when approval is given for such works. As a consequence, the water powers set up by the Department of Railways and Canals will not be injured by the execution of the Beauharnois Company's proposals.

32. However, the abstraction of 40,000 c.f.s. from the river will reduce the volume of water flowing through the section and past the Cedar Rapids Power Company's plant. If the area of water surface exposed in this neighbourhood could be reduced proportionately as the flow is to be reduced, there would be a proportionate reduction in the quantity of ice formed, and the Cedars Rapids Plant would function in future almost as in the past. A document purporting to show that ice formation will be reduced proportional to flow has been submitted

by the Beauharnois Company Engineers. In fact, this document predicts that conditions will be improved so far as the Cedars Rapids Company's operations in winter are concerned, when proposed remedial works are built. We have examined the data and analysis submitted. We cannot agree that the works proposed will attain the results indicated, and believe the proportion of ice to water in the mixture flowing in the river past the Cedars Rapids Plant will be greater with the proposed works executed than it is at present.

33. It should be pointed out, however, that the responsibility for protecting the Cedars Rapids Company's Plant in winter does not rest with the Federal Government, because the rights which the Cedars Rapids Company enjoy were derived largely through lease of water lots from the Province of Quebec.

#### POSSIBLE EFFECT OF CHANGE IN ICE CONDITIONS ON NAVIGATION

34. We have studied the possible effect of the diversion of 40,000 cubic feet per second to see if such diversion would increase the difficulties of navigation due to ice conditions. We do not find any reason to believe that there will be an increase in quantity of ice formed which would advance the date of closing of navigation in the river, or delay the date of opening of navigation in the river. We have been unable to see that from the point of view of ice formation navigation will be adversely affected.

#### EFFECT OF BEAUHARNOIS COMPANY'S PROJECT ON AN OVERALL DEVELOPMENT OF SOULANGES SECTION FOR NAVIGATION

35. Before discussing details of how the Beauharnois Project affects future deep navigation, a few basic conditions upon which the discussion is developed should be understood.

36. The development of the St. Lawrence River for navigation as well as for its power resources has been the subject of public discussion for many years, during which, from time to time, projects for power development have been presented, but inasmuch as none of these was shown to be an economic part of any co-ordinated project, developing and conserving not only navigation but all power resources, they have not been approved, pending the time when after most careful and painstaking study, such co-ordinated project might be developed, for the future guidance of authorities concerned.

The CHAIRMAN: Just at this juncture can we assume that the work approved of in P.C. 422 is the co-ordinated project referred to in 36 which you have just read?

Mr. WHITE: I do not think we can quite assume that, sir. It is a co-ordinated project in the sense that it combines the elements of power and navigation but I understand that the whole scheme, that is, as a complete scheme it has not been formally approved by the Joint Committee.

The CHAIRMAN: What I have in mind in this: This report is dated January 30, 1929. P.C. 422 is dated March 8th, that is, a couple of months afterwards, and the Governor in Council had this report before them when P.C. 422 was passed. And this report then contains this paragraph 36, and I will just read it again.

36. The development of the St. Lawrence River for navigation as well as for its power resources has been the subject of public discussion for many years, during which, from time to time, projects for power

development have been presented, but, inasmuch as none of these was shown to be an economic part of any co-ordinated project, developing and conserving not only navigation but all power resources they have not been approved, pending the time when after most careful and painstaking study, such co-ordinated project might be developed, for the future guidance of authorities concerned.

Now, that was the report in January. Then P.C. 422 was passed on the following 8th day of March. That is the reason for my question. Are we to assume that this is the project that has been arrived at after the careful and painstaking study that is referred to in the report of the engineers?

Mr. WHITE: I think not, Mr. Chairman.

Mr. JACOBS: Are they not encroaching on the rights of the province of Quebec when they talk about future power development?

Mr. WHITE: I am afraid we will have to go back again to the Supreme Court.

Mr. JACOBS: Or further.

Mr. WHITE: Yes. This report does not involve any legal question.

Mr. MONTGOMERY: I think 37, 38 and 39 pretty well answer your question.

Mr. WHITE: I may say, Mr. Chairman, looking at Exhibit 22, sessional paper 136A, 1929, at page 74, there is a copy of some objections raised by a man named Charles E. Fraser—

The WITNESS: Of the Soulanges Power Company, if I remember correctly.

Mr. WHITE: January 18, 1929, and in that he quotes from the Joint Board's report and says on page 74:

It is evident that in all their studies the Joint Board of Engineers gave full and complete consideration to the problem of providing for the requirements of navigation. We may quote their statement in this connection:—

109. Fundamental Principles. The plans have been prepared in accordance with the recognized principle that the interests of navigation on the St. Lawrence are paramount. A full observance of this principle does not interfere with the beneficial use of the flow of the river for power generation. On the contrary, the improvement of the rapid sections of the river for the joint benefit of navigation and power affords, as a rule, much better navigation than could be secured by the improvement now economically justifiable in the interests of navigation alone.

110. In accordance with its instructions, the schemes presented by the Board are designed to provide to the best advantage, at this time and ultimately, for the development of the capacities and possibilities of the waterway. The magnitude of the interests in the two countries that would be affected by the improvements if the project be adopted have been fully considered. The Board has visualized the fullest ultimate development of the navigable capacity of the waterway commensurate with cost. The endeavour has been made to provide the maximum amount of open river navigation, with a minimum of locks and of canal navigation. For the initial improvement it has adopted the minimum standard hereinafter set forth, but the plans are so drawn that the navigation improvements can be enlarged, at the least economic loss, as the traffic justified further improvement. Plans that would restrict the best eventual development of the waterway for navigation have therefore been discarded.



The main point in this argument is that the proposed diversion asked by the Beauharnois Light, Heat & Power Company is a serious disruption of the Joint Board plan. The Beauharnois diversion was carefully studied by the Joint Board Engineers and the result of these studies is set forth in their published report. The final decision of the Joint Board was to reject the Beauharnois diversion in favour of the river bed development finally recommended and now adopted by the Soulanges Power Company which seeks the right to proceed with the carrying out of the Board's plan.

*By Mr. White:*

Q. Now as Chairman of the Canadian section of that Joint Board what do you say as to whether that statement—

Mr. MONTGOMERY: Are you going through all those protests, that is, Soulanges, Cedars, and so on?

Mr. WHITE: Why does my learned friend ask me that?

Mr. MONTGOMERY: I do not know quite why at this stage of the proceedings you are interrupting the reading of this report to discuss the protests, and so on. There must be some order in this thing, and if my friend is going to take Mr. McLachlan over those protests to see whether he agrees with the statements made by every one of the protestants—and it is quite obvious they were making the best argument that they could in opposition to this scheme; that is what Mr. Fraser was engaged for; he was filing a brief the same as I might do; but as to examining Mr. Fraser as to whether he agrees with the statements of those different protestants is, of course, a different subject matter than we are dealing with now which is the reading of the engineer's report.

Mr. JACOBS: Who was Mr. Fraser acting for?

Mr. MONTGOMERY: For the Soulanges Company which is one of the protesting parties.

The CHAIRMAN: Is not that a very pertinent question to put to Mr. McLachlan?

Mr. MONTGOMERY: I would suggest it certainly is not pertinent at the present time when we are reading the report and Mr. McLachlan is one of the signers of this report, to ask him questions about some other report which was filed and which is not even referred to in any portion of the engineer's report. It seems to me we will become hopelessly confused.

The CHAIRMAN: We won't, I trust, become more confused than the witness will.

Mr. MONTGOMERY: I do not know, I hope not; but, at the same time—

The CHAIRMAN: Supposing we apply the rules of evidence. If this were a civil trial, would not that be a very proper question to put to a witness in Mr. McLachlan's position.

Mr. JACOBS: After Mr. McLachlan has signed a report in contradiction of what is stated?

The CHAIRMAN: Well, I think it is pertinent.

Mr. MONTGOMERY: It is rather difficult to follow a quotation read by Mr. White out of some engineer's report.

Mr. LENNOX: Supposing he does contradict the report, does that make it inadmissible as evidence?

Mr. MONTGOMERY: Well, of course, I am just trying to think of that now.

The CHAIRMAN: I think it is pertinent and admissible, even if it were a civil suit. What difference does it make if Mr. McLachlan has made a written

statement giving his opinion and he has to come forward here as a witness and justify that statement; supposing he changes his mind later on, is not that very pertinent and proper that he be allowed to change his mind?

Mr. MONTGOMERY: Really I do not know. Possibly we are viewing this investigation from rather different angles. After all, we are dealing with water that has gone down the stream to some extent now. Here is a report that was made and acted upon by the government of that time, and as to whether Mr. McLachlan, if he were called upon to-day to advise, would advise in a different sense from that report I do not know that that is a subject of reproach that is made in Mr. Gardiner's speeches.

The CHAIRMAN: We are not limited to the charges made in Mr. Gardiner's speech, although I have been told it was a very fine speech.

Mr. MONTGOMERY: I think so.

Mr. JACOBS: You take the ground that the government acted on Mr. McLachlan's report?

Mr. MONTGOMERY: Surely.

Mr. JACOBS: And if he has changed his mind that does not concern the Government or those who are holding property from them.

Mr. WHITE: Is that all relevant to the immediate matter we have under discussion? What we are trying to ascertain, I take it to be, is as to whether the proposal of the Beauharnois was in accord with any proposal that had at that time been made by the Joint Board.

Mr. MONTGOMERY: I do not know, that is not the subject. I would take exception to that statement as to whether or not that is the substance—

Mr. WHITE: I cannot please my learned friend. I am sorry that he does not agree with the way I am endeavoring to elicit the facts here, and I do not suppose I will be able to.

Hon. Mr. MACKENZIE: I think, for the purpose of the record, it is very unfortunate to have this discussion in the middle of the report. I think this report should be on the record without any interruptions coming in between.

The CHAIRMAN: It is on the record now as part of an exhibit.

Sir EUGENE Fiset: It has not been read into the record.

Mr. WHITE: I have no possible objection to reading the report and going all through it and then coming back to these things.

The CHAIRMAN: That is what Mr. Mackenzie suggests, Mr. White.

Mr. WHITE: I can do that if it is the wish of the committee, no difficulty about it at all.

Mr. LENNOX: I do not agree with Mr. Mackenzie, I would rather have those things cleaned up as we go along.

Mr. WHITE: That is my idea. When I go through things I just naturally want the explanation at the time.

Mr. LENNOX: Speaking for myself, it is much more satisfactory to have it cleared up as we go along.

Hon. Mr. MACKENZIE: I have no objection, but it seems more reasonable to put the report in as such.

The CHAIRMAN: I think the view of the committee is that the question should be asked and answered.

*By Mr. White:*

Q. Well then, we will put it shortly this way, Mr. McLachlan: Was the Beauharnois application in compliance with any scheme of development which up to that time—that is, up to January 30, 1929, had been approved by the

Joint Board?—A. The Beauharnois project was examined by the Joint Board of engineers in its theoretical aspects and was, of course, rejected as shown by that report. But the report that I signed with Mr. Cameron and Mr. Johnston and Mr. Cote, was prepared under somewhat different circumstances and to meet a slightly different point of view. The report which you are reading has stated that the Beauharnois project is not part of the co-ordinated project which was developed by the Joint Board of Engineers. But the report, just at the point where you are reading, proceeds to show a way in which it would appear the Beauharnois project might be made a part of a co-ordinated project if the procedure indicated in this report which you are reading is followed. And this report will show that from the special point of view from which this report is written, there will be no loss of economy in developing the section with the Beauharnois project as the first stage of that project, provided the procedure outlined in this report which you are reading is followed.

Now, I am sure you are confused with that statement of mine, but to help you to understand it I will give a little explanation. The Joint Board of Engineers' report was prepared with a view to making available all the power resources in the Soulanges section in the cheapest possible way for the province of Quebec. Export of power to Ontario was excluded from that consideration as the judgment of the Joint Board of Engineers was that the point of view to approach it from was with regard to the market being restricted to the province of Quebec. You will find an appendix in the Joint Board of Engineers' report. There are a series of tables which are set up to show that a small export of power from Quebec to Ontario for a given number of years would really change the conclusion of the Joint Board of Engineers with regard to the co-ordinated project which they set up for the Soulanges section. That is set out in the report. I, as a signer of those two reports, have not found to date anything in conflict between the two.

*By the Chairman:*

Q. You are just dealing with it from two different angles?—A. From two different angles. When this report, which you are reading, was prepared, there was before the government a specific application for a specific amount of power which was approved, or a wish to have it approved was expressed by the province of Quebec.

Now, if there was any economic way in which that wish of the province of Quebec could be made part of a co-ordinated project, it was the duty of our committee of engineers to find it out. We studied the thing and we found out so far as we knew, and we proceeded to outline that thing at the point where Mr. White is reading.

Q. So that a wrong impression may not be left, Mr. McLachlan, do I understand you to say that the province of Quebec officially supported the approval of the Beauharnois plan attached to P.C. 422?—A. We had to.

Mr. CANNON: I do not think this witness can give those facts to this committee. The documents are here.

The CHAIRMAN: I am giving him an opportunity to struggle with it and see how far he can go. He left that impression with me at any rate.

Mr. CANNON: But I do not think we should get impressions. We should have the facts.

The CHAIRMAN: However, if you are satisfied to leave the impression the way it is now, I am.

*By Mr. Jacobs:*

Q. In what respect would the export of power to Ontario affect this project, Mr. McLachlan?—A. In what way would it affect this project?



Q. Yes.—A. Well, I might explain it this way: If you want a certain block of power, say 400,000 horse-power out of the 1,500,000, say, that is available in the section, and you can see clearly whatever way you develop that you are not going to want any more power for a considerable period of time. why, it means that you have got to take into account the operating loss passing between the first stage and the succeeding stages and there are carrying charges accumulating that affect you greatly. As a matter of fact, I can show you to-day by an analysis that the Beauharnois project to develop 430,000 horse-power with a ten-year period elapsing between the development of that power and the development of subsequent power in that section, that if that is what is wanted in the country, as a whole, the Beauharnois project is just as economical as the co-ordinated project of the Joint Board of Engineers for those who are interested in power or the province of Quebec.

Q. You are dealing with this here as a power proposition?—A. As a power proposition entirely.

Q. Not a navigable proposition at all—A. As a power proposition. Actually, if I might explain, here is just about what is happening, or at least what might possibly happen: There are 400,000 horse-power developed in the province of Quebec. A large proportion of that is exported to the province of Quebec. In perhaps a few years we will have the international section of the St. Lawrence developed and with it one million horse-power. There is no reason why that power should not flow back to the province of Quebec for a time at least which would supply the needs of Ontario for ten years, in which case there would be no need to go on with the development of the Soulanges section for power. Now, at the end of that ten years, of course, you would go on developing the power in the section. Analyzed on that basis there is no economic loss in the Beauharnois project. Calculating your results right through to the end of the marketing of all that power, why, you are then as far ahead with the Beauharnois project as you would be with any of the co-ordinated projects.

Q. Was not this Joint Board of Engineers set up for the purpose of advising the Dominion Government on the effect of the navigability of the St. Lawrence River, giving this 40,000 horse-power to the Beauharnois Power Company?

—A. When the Joint Board of Engineers' report was made, in which there were Americans and Canadians, there was no Beauharnois application.

Q. I am referring to the four gentlemen, the committee of engineers.—A. Yes.

Q. You were merely dealing with it from the Federal point of view, were you not, to see how the diversion of this 40,000 horse-power would affect the navigability of the St. Lawrence at that point?—A. Well, we considered our position quite carefully and decided we could not deal with it from that restricted point of view. We had to visualize what was going to happen in the way of a co-ordinated plan for the future.

Q. What the whole St. Lawrence Waterway scheme would be?—A. When all the power would be wanted, when the St. Lawrence scheme was under way. We had to visualize all that, and we proceeded to give you this discussion from that point of view.

Mr. WHITE: Continuing with No. 37:—

37. The development of power on a river system can only be effectively accomplished in the most economic manner after a careful study to evolve a co-ordinated project for the development of all the potential resources. This has been established in Canada both where the Dominion is concerned and where the provinces have been primarily concerned, and the instructions of the International Joint Board of Engineers, on which they developed the St. Lawrence Project, were based on this principle.

38. The attainment of this ideal would however necessitate there being one central authority with power to co-ordinate the development of navigation with the development of power.

39. However, as there is still uncertainty as to the relative jurisdiction of Federal and Provincial authorities, on the power side of the question, and as the necessary central authority is not yet established, your Committee has endeavoured to set out fairly the manner in which the proposed diversion will affect navigation and power.

40. The estimates which are used in this report and made the basis of its conclusions are those which have been developed to date by the Department of Railways and Canals, and which have been taken by the Committee as the basis of comparison between the various projects.

41. In connection with estimates submitted by the Beauharnois Company, it may be said that they used higher velocities and lower unit prices than the International Board of Engineers used for work to be done in connection with diversion channels. Those high velocities and low unit prices are, in general, not approved. Only in one particular does the Committee see fit to make any change in the basis of estimating used by the Joint Board of Engineers. This has to do with the unit price for the excavation of Marine Clay in the wide channels proposed for power. A price of 45 cents per cu. yd. was used in the International Joint Board of Engineers Report, for the excavation of Marine Clay on the south side of the river, and a unit price of 55 cents per cu. yd. for the excavation of similar material on the north side of the river. It is deemed fair to use a price of 33 cents per cu. yd. for the excavation of such material where it is met with in wide power canals on both sides of the river. This unit price is in keeping with the cost of work done by the Hydro Electric Power Commission of Ontario in the enlargement of the Chippewa River in recent years, and is in line with that used in connection with the Oswego to Hudson estimates of the U. S. Government Engineers who reported on that project. The unit price used for the excavation of this material in narrow canals, is not changed from that used by the Joint Board.

42. The report of the Joint Board of Engineers, 1926, paragraph 162—found that it is practicable and advantageous to combine the improvement for navigation in the Soulanges section with the development of power, only the first part of the power development being undertaken in conjunction with the works required to carry navigation through the section. The first cost of works for deep navigation and 382,000 H.P. was estimated at \$105,210,000. Of this amount \$32,859,000 was for works solely for navigation with a depth of 27 feet.

43. To construct the whole works necessary for navigation according to the Board's scheme of river development, prior to the installation of power, was estimated by the Board to cost \$79,780,000 for a depth of 27 ft. It is obvious that this would be an unwarranted procedure unless, as stated by the Board in paragraph 175, arrangements are made whereby power interests bear a fair proportion of the cost of the initial expenditure required.

44. Lateral canals for deep water navigation alone were projected by the international board of Engineers, one wholly on the north side of the river and the other wholly on the south side.

45. The first cost of the lateral canal on the north side of the river 27 ft. dept was estimated at \$41,633,000.

46. The cost of the lateral canal on the south side of the river from Hungry Bay to Melocheville was estimated at \$38,565,000. This is the joint Board's estimate of the canal for navigation alone as originally proposed in the Wooten-Bowden Report, made in 1921.

47. On the most economical of all schemes brought out to date for the development of the power in the Soulanges Section previous to the undertaking of a deep waterway, it has been found that the cost of adding thereto the structures required for deep navigation would amount to \$31,769,000.

48. The power canal proposed to be built from Hungry Bay to Melocheville, if it has a width of 600 ft. and a depth of 27 ft. and carries not more than 40,000 c.f.s. can be later used satisfactorily as a navigation canal, and completed as such by the addition of locks and other structures, the additional cost of such works being estimated at \$21,600,000.

49. The above figures show that the cost of works for deep navigation when added to the Hungry Bay-Melocheville Project is less than when similar works are added to the Ile aux Vaches, or other river project. In discussing the improvement of the Soulanges Section for power, it will be shown that a diversion of 40,000 c.f.s. does not increase the proportional cost of developing the remaining power resources in the river. In fact it reduces it slightly, from \$143.10 to \$140.20 per. H.P. but if the burden of constructing works solely for navigation should be thrown upon the power improvement, it would entail an extra cost of \$25.20, with diversion, and only \$20.50 without diversion, making it somewhat more costly for power to carry navigation with diversion than without it. However, this would not result if a co-ordinated project for development of power resources to be described, takes the place of the Ile aux Vaches Project, recommended by the Joint Board of Engineers.

50. In connection with the joint use of the navigation and power canal by the Hungry Bay-Melocheville route, and the navigation facilities provided along with the river projects described certain apt comparisons can be made.

51. The bridges across the canal on the north shore route are over purely navigation reaches in which the velocity would not be high. The bridges over the Hungry Bay-Melocheville canal would have approach velocities of about 2.25 ft. per second. These, in a measure, set up conditions which are somewhat special, and estimates have been prepared on the basis of providing 1,200 ft. cribs on the upstream side of each lift bridge. This is done to enable an approaching ship to go astern and tie up if necessary. With this done, it is believed navigators can find no objection to the navigation facilities offered by the Hungry Bay-Melocheville Project even when combined with use for power. However, there will be not less than five lift bridges on the south route, whereas the number required on the north route is proposed to be held down to three. The Hungry Bay-Melocheville route will have two canal entrances, both of which are to be made under excellent conditions. The north shore route on the other hand, has four canal entrances, all of which are made from river stretches with some cross currents. With the south in combination with power as described, there will only be two lift locks required for the passage of navigation through the section. With the north shore route three locks are required.

52. If the future development of the remaining flow in this section of the river is not carried out according to the schemes proposed to date



or suggested herein, it will be essential, in order to retain the alternative of river navigation, that suitable safeguarding regulations be made in respect to approval of any such works as will ensure the possibility of adding deep water navigation in the river to the power works at a cost which will not exceed the cost of adding the same facility to the schemes for power development, as developed to date.

53. In so far, then, as the diversion of 40,000 c.f.s. from Lake St. Francis via the Hungry Bay-Melocheville route is concerned, and this is the matter with which this report deals, the conclusion we have come to is, that it will not make deep water navigation via that route or any route developed to date, more costly or difficult so long as policies are not directed towards saddling the whole cost of navigation works on the power to be developed in a future river improvement. Even with policies so directed cost will only be affected to a very slight extent.

54. In view of the representations made by those interests opposing the application, and also in view of the proposal for full river diversion made in the application, the following discussion of the further development of power in this section is presented.

#### EFFECT OF BEAUHARNOIS COMPANY'S PROTECTION AND OVERALL DEVELOPMENT OF SOULANGES SECTION FOR POWER

55. The same restrictions as regards permissible velocities, in power canals, coefficients of roughness, etc., have been used in all cases as were adopted by the joint Board of Engineers and set out in their report. Power canals have been given such cross-sectional areas as will give maximum velocities of 2.25 feet per second under ice cover conditions. The coefficient of roughness due to ice cover is taken as "M"—5.5 in Bazin's formula. This must be combined with the coefficient of roughness due to the wetted perimeter of the canal. The value of Bazin's "M" for suction dredged channels, has been taken as 4.4 and for channels excavated in the dry as 4.0. For concrete lined canals the value of Kutter's "n" has been taken as 0.015.

56. All projects have been analyzed on the assumption that \$10,000,000 would be spent on construction each year during which works were prosecuted, and after completion 75,000 horse-power will be marketed each year. Interest and carrying charges on expenditures necessarily made before revenues are derived, have been taken at 5 per cent per year. In cases where improvement is made by a number of stages, the excess or deficiencies in cost of each of the several stages is equalized by allowing interest on the monies necessarily required for such purpose. The overall cost so found, is a yardstick by which the overall economy of projects is analyzed.

#### *Project Recommended by Joint Board.*

57. The capital cost of improving the Soulanges Section, by the Ile aux Vaches River Project, for power alone, as given in the International Joint Board of Engineers Report, is \$180,711,000, as shown on page 368 of their report. This includes works for preserving 14-foot navigation, but does not include locks for deep navigation. The firm power obtained is 1,632,000 horse-power. The first cost per horse-power is \$110.70.

58. When this Ile aux Vaches Project is analyzed, on the assumption that 75,000 horse-power will be marketed per year, \$10,000,000 will be spent yearly on construction, and interest is taken at 5 per cent it is found that interest and carrying charges of \$32,890,000, and equalizing charges

of \$20,430,000 have to be added to the first cost, to give the overall cost of power, viz., \$234,031,000 or \$243.40 per horse-power, as shown on tables attached.

59. The Ile aux Vaches Project for Power Alone, as described in the International Joint Board of Engineers' Report, is drawn in such a way as will permit the introduction of deep water navigation, when, and as required. The extra cost of these works is \$31,769,000 for a depth of 27 feet.

60. The change in unit price for Marine Clay as noted in paragraph 41, reduces the first cost of the second stage of the Ile aux Vaches Project, as above set forth, to the extent of about \$4,300,000. Other changes, however, which may advantageously be made, increase the cost of this project to \$180,009,000, which is about that given in the Joint Board of Engineers Report. In all projects discussed here under a unit price of 33 cents per cubic yard for marine clay in power canals is used.

#### *Proposed Power Diversion Project.*

61. A diversion of 40,000 c.f.s. from Lake St. Francis to Lake St. Louis, can be accomplished in a number of ways. The most economical method from a power point of view, appears to be by a concrete lined canal in which the water would travel at 6 feet per second, and stay open in winter. The amount of power to be derived from 40,000 c.f.s. utilized at a head of 75 feet at Melocheville, is only 300,000 horse-power, and the power which it would give at 80 feet head is about 320,000 horse-power. A head of about 80 feet would generally be available in summer, but in winter it would be reduced to 75 feet or less, dependent on the form of canal used. The amount of firm power derived from 40,000 c.f.s. will not exceed 300,000 horse-power. The first cost of all the work connected with the development of 300,000 horse-power, with a concrete lined canal, and water at 6 feet per second, would be about \$48,500,000, or \$161.70 per horse-power. This canal would continue open in winter.

62. If the power canal is to be built with the idea that it will later be used for navigation, as well as power, it must have low velocities. If it has low velocities, no protection lining would be required to stop scour and an ice cover will form in winter. Such a canal would have to be 606 feet wide on the bottom, and 27 feet deep to give satisfactory results from joint navigation and power point of view. This provides for an average velocity of 2.25 feet per second. Its first cost would be increased to the extent of about \$5,000,000, and would stand at \$53,983,000, or \$179.90 per horse-power. This project would not disturb the Soulanges Canal, or the level of Lake St. Francis, as it is coupled with control works, at the foot of that lake.

#### *Effect of Proposed Diversions*

63. As explained in the International Joint Board of Engineers Reports, the Ile Aux Vaches Project was found to be the best form of power improvement for the Soulanges Sections, because it cared for the Cedars Rapids Customers, during the transformation of the river, better than other projects. If, now, 40,000 c.f.s. is diverted from the river and used for the development of 300,000 horse-power at Melocheville, and such power is sold to new customers, the problem of caring for Cedars customers will again be, in general, the same as found at that time by the Joint Board of Engineers, and will, no doubt, lead to the same results. A development at Melocheville under above circumstances should thus be followed by a three stage modified Ile Aux Vaches Project.

*Melocheville-Ile Aux Vaches Project*

64. Estimates of this Melocheville-Ile Aux Vaches combination have been prepared with 300,000 horse-power at Melocheville as the first stage; 340,000 horse-power at Ile Aux Vaches as the second stage; 300,000 horse-power at Cascades Point as the third stage; and 689,000 horse-power at Cascades Island as the fourth stage. The initial cost of the resulting project is \$204,852,000 or \$126 per horse-power, with 33 cents per cubic yard taken for Marine Clay in Power Canals.

65. On the basis of analysis, previously set out, this project would have interest and carrying charges of \$32,930,000 and equalizing charges of \$21,750,000. This would bring the total cost up to \$259,532,000, or \$159.60 per horse-power, or \$26,003,000 more than the Ile Aux Vaches Project with the whole flow developed in the river. When, however, navigation works are added, a saving of \$9,700,000 would be effected by following the route available through the Hungry Bay-Melocheville Power Canal, and the extra cost is consequently reduced to about \$16,300,000 when both power and navigation are considered. In this sequence, the first cost of the first stage, viz., development of 300,000 horse-power at Melocheville is \$53,983,000, and with interest and carrying charges, its cost is \$63,883,000, or \$213 per horse-power, while the first cost of developing the power remaining in the river is \$150,869,000, or \$113.50 per horse-power. The total cost, including overhead, is \$186,679,000, or \$140.20 per horse-power as shown on tables hereto attached.

66. The development of the power resources in the manner above described, would increase the cost of the development of the river, as a whole for power and navigation to the extent of about \$16,300,000, all of which virtually falls on the Beauharnois development itself, because the abstraction of 40,000 sec. ft. does not increase the proportional cost of the development of the resources remaining.

*St. Timothee Project. (Co-ordinated Project)*

67. If the Beauharnois Company, in the development of 300,000 horse-power at Melocheville, could be induced to exchange power with the other companies now established in the section, an economical method to procedure, not otherwise possible, could be undertaken. This project would involve 200,000 horse-power of that developed at Melocheville, being used to care for the customers of the Cedar Rapids Power Company during the construction of a dam between Cedars and St. Timothee. It would mean that the initial development of 300,000 horse-power at Melocheville would be followed quickly by the development of 1,083,000 horse-power at St. Timothee, and 489,000 horse-power in a third stage at Cascades Island. This project will be referred to as the St. Timothee Project.

68. The first cost of this project is \$202,756,000, or \$121.30 per horse-power. To this would have to be added carrying charges of \$39,990,000 and equalizing charges of \$3,200,000, giving a total overall cost of \$245,946,000, or \$147.10 per horse-power. With such a project, the cost of future deep navigation works would be reduced to the extent of about \$7,000,000. This would be equivalent to \$4 per horse-power and give as good economic overall results as the Project recommended by the Joint Board of Engineers.

69. The carrying of the Cedars customers by the power plant at Melocheville would enable the Cedars head race to be used as a means for diverting almost the whole flow of the St. Lawrence river at that



point. This would enable a dam and power house to be built in a location not otherwise possible, and a high initial head would be secured in the upper stage of a river development. This, along with the power developed at Melocheville, will give 1,183,000 horse-power of new power when that at Melocheville is added, and that at Cedars is deducted. The total firm power developed when that at Cascades Island is added is 1,672,000 horse-power.

70. In this project, the drainage of the country on the north side of the river is cared for by the Soulanges Canal, and the drainage of that on the south side by the Old Beauharnois Canal, now leased by the Canadian Light, Heat and Power Company. The development at Cascades Island, when made, will reduce the head at Cedars from 52 to 36 ft. and will give 489,000 horse-power of new power. This project recovers 40,000 horse-power lost in the Project recommended by the Joint Board of Engineers. The cost given for this project, places the first stages namely 300,000 horse-power at Melocheville, at \$53,983,000. If the first stage were executed by use of a concrete lined canal, the cost would be \$48,500,000.

#### *Full Diversion Project.*

71. The Beauharnois Company's application suggests that all the power resources of the Soulanges Section might be developed by means of a progressively enlarged overland canal from Hungry Bay to Melocheville, the first stage of which would be the diversion and development of 40,000 c.f.s. at Melocheville. A project of this nature has been laid out according to the standards adopted. It has a capacity of 240,000 c.f.s. under winter conditions and in this way it is comparable to the other projects described above. It provides for a maximum velocity in winter of  $2\frac{1}{4}$  ft. per second, exclusive of increase due to part of the section being occupied by ice cover. In the Hungry Bay-Melocheville route there is a stretch at the upper end and also a stretch at the lower end where hardpan and rock are encountered. At these points excavation should be done in the dry. In the central section of this route all the material to be removed is marine clay. This can be done by submarine methods and use of suction dredges. In order to set up such a project under uniform conditions, a plan has been prepared which proposes to execute power house substructure, hard excavation, and some embankments in three stages and the remaining part by progressive work to be done as power demands require. With this project proceeded with in this way, there would finally be three separate entry canals at the upper end. In the central portion, there would be a wide open channel 27 feet deep and 3,900 feet wide. At the lower there would be again three outlet canals, which connect with three power houses.

72. In this project it is assumed that each step would put 80,000 c.f.s. to use for power. It is also assumed that the Cedar Rapids plant would be out of commission at the beginning of the second stage. In this project care has been taken to establish the portion of work which has to be completed with each stage going into use, and in this way interest, carrying and equalization charges have been determined.

73. The first cost of this project when set up with marine clay at 35 cents per cu. yd. is \$233,875,000, or \$147 per horse-power. To this has to be added interest and carrying charges of \$40,950,000 and equalizing charges of \$7,387,000, making a total of \$282,212,000. This gives us an overall cost per horse-power of \$177.40. This cost is \$48,683,000 greater than the cost of improving the river by the project recommended by the Joint Board of Engineers. If executed, it would, however, permit a saving of about \$9,000,000 in navigation works. This reduces excess cost

to about \$39,000,000. If the unit prices used by the Joint Board of Engineers for excavation in this section has been fully adhered to, the initial cost of this project would have been increased from \$233,875,000 to \$264,785,000 and the overall cost a corresponding amount.

74. If, on the other hand, the unit prices are reduced below those used herein, both the initial capital cost, and the overall cost, would be reduced by a proportional amount. The Committee is of the opinion, however, from all the information at present available, that dependable estimates cannot be safely based upon unit costs below those herein used, and these show that this type of project is not economical as compared with the others analyzed herein. *Revised Projects.*

75. Since the report of the Joint Board of Engineers was prepared a few years ago, surveys have been extended, and additional borrowings have been made. This work was done with a view to improving some of the debatable features of the Ile aux Vaches Project.

76. Recent surveys of the Rouge River show that the area to be drained by the Soulanges Canal can be reduced to a point where it can be cared for without deepening that canal, or involving a danger from slides. It is found that some cross currents can be avoided in Lake St. Louis, by placing the power house at Cascades Point, north of the locks at that point, instead of south of it. In the present case, where power improvement and fourteen ft. navigation must be visualized first, and deep navigation works later, the separation of power and navigation canals below the Cedars pool, appears to be more flexible. A new Ile aux Vaches Project has been drawn up by the Department of Railways and Canals. It varies from the Ile aux Vaches Project, of the Joint Board only in some minor respects. Its cost is practically the same. It has double flight locks, instead of separated single locks, and can be compared with the Melocheville Project more easily than at first presented. The first cost of this project, designed for power and 14 ft. navigation, is \$180,009,000. The overall cost, when worked out, as in other projects, is \$233,529,000 or \$143.00 per H.P. In this project, heads and stages are as in the recommended project. This project meets conditions now facing the country somewhat better than the project recommended by the Joint Board of Engineers for the reasons about set out.

#### *Summary Re-Power,*

77. The following deductions may be drawn from the foregoing analysis of the various projects.

The 40,000 c.f.s. diversion might be authorized without adversely affecting the present power development for which the Federal Government is responsible, i.e., the Canadian Light, Heat & Power Company, the Provincial Light & Power Company, and the Montreal Cotton Company. There would be some adverse effect upon the plant of the Cedars Rapids Manufacturing & Power Company which derives its basic rights from the Provincial Government. The Committee considers that the protection of this Company's rights is primarily the responsibility of the Provincial Government.

78. With respect to the effect of the 40,000 c.f.s. diversion upon the future overall cost of the development of power, the Committee presents the following summarization of the comparative cost of developing various projects in this reach of the river.

1. The cost of developing power from a 40,000 c.f.s diversion by a canal capable of use by navigation, involves a first cost of \$179.90 per H.P. and an overall cost of \$213.00 per H.P., as

compared with a first cost of \$110.70 per H.P., and an overall cost of \$143.40 per H.P., by the Project of the International Board of Engineers.

- II. To proceed with the development of 40,000 c.f.s. at Melocheville and then develop the remaining resources by an Ile au Vaches Project, would bring about first costs of \$126.00 per H.P. and overall costs of \$159.60 per H.P.
- III. To proceed with the development of 40,000 c.f.s. at Melocheville linked up with the St. Timothee Project, which provides for co-ordination by exchange of power, would produce an average first cost of \$121.30 and an overall cost of \$147.10 per H.P.
- IV. The diversion and development of power at Melocheville by a power canal capable of use by navigation will reduce the cost of deep navigation works to the extent of about \$7,000,000 which is equivalent to about \$4.00 per H.P. when related to the cost of development of the river as a whole. This virtually reduces the figure of \$147.10 to \$143.10 per H.P. and makes the St. Timothee Project comparable with the Ile aux Vaches Project.

NOTE.—The new power to be developed in the section varies somewhat between projects, but, in general, may be taken at 1,632,000 H.P. for purposes of comparing schemes.

79. Interpreting the foregoing, the 40,000 c.f.s. diversion may, or may not, increase the cost of developing power in the Soulanges Section, depending upon whether or not this project stands by itself or becomes part of a co-ordinate project.

80. Briefly, the foregoing figures demonstrate that if the 40,000 c.f.s. diversion project is proceeded with as a separate project, and the remaining flow thereafter is developed in the river without reference to the first, the overall cost of such unco-ordinated development would be considerably higher (\$16,000,000 in round figures), than that of the Joint Board's recommended project.

81. Alternatively, the above figures demonstrate that the 40,000 c.f.s. diversion, *if it becomes the first stage of a co-ordinated Development*, which would develop the remaining flow in the river (the St. Timothee Project in the Committee's Report), the overall cost of this co-ordinated project would be as low as that of the Joint Board's recommended project. In other words, this latter alternative is as economical as that of the Joint Board's proposals.

Hon. Mr. MACKENZIE: I think this would be a good place to stop, Mr. Chairman.

The CHAIRMAN: Yes. We will adjourn now, Mr. White. It is one o'clock. We will resume at 2.30.

Committee adjourned at 1 p.m.

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## AFTERNOON SITTING

The Committee resumed.

Mr. WHITE: Mr. Chairman, I understand that the balance of the report is to be written into the record. I will now come to the conclusion, which is very short, and which I think at this stage I should bring orally to the attention of the committee.



I will read from page 23 at paragraph 82:—

82. From the foregoing analysis the committee presents its summary, with respect to the effect of a diversion on navigation present and future, as follows:—

83. The 40,000 c.f.s. diversion project can be authorized without injury to existing navigation, if the plans submitted are subject to modification and to regulations embodying the restrictions referred to in this report.

84. The 40,000 c.f.s. diversion from Lake St. Francis via the Hungry Bay-Melocheville route may be authorized without making deep water navigation via that route or any route developed to date more costly or difficult; provided suitable safeguarding regulations are imposed, and, assuming purely navigation works (locks, etc.) are paid for by navigation agencies.

85. Moreover, the works, or such modifications thereof, as may be required, if operated in a satisfactory manner, will not set up conditions at the head of Lake St. Louis which will delay the opening of 14-foot navigation at the beginning of each year, nor will water levels in Lake St. Louis, or in Montreal harbour be affected. If remedial works for preserving 14-foot navigation are operated as intended, the water levels at the head of Lake St. Francis where the International Boundary leaves the St. Lawrence will not be affected, and the provisions of the Boundary Waters Treaty of 1909 will not be violated.

86. To safeguard deep water navigation in the future suitable regulations should be imposed on any further scheme of development, which may come before the government for approval.

87. The development of power resources by separate agencies and unco-ordinated projects will slightly increase the difficulty of controlling, in the interest of navigation, the flow of the river past the section.

88. The Committee discussed the effect of a 40,000 c.f.s. diversion on power in paragraphs 54-76. Conclusions are found in paragraphs 77-81.

#### CONCLUSIONS

89. Having regard to the application under the Navigable Waters Protection Act, now under consideration, your committee are of the opinion that the site and works proposed in the plans and application filed by the said company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the company, and, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

Then, the conditions are set out in appendix 4 of the report, and I understand that this has been typed and copies are in the hands of the members of the committee and counsel.

Mr. STARR: Have any arrangements been made for us to get copies of these exhibits that have been filed?

The CHAIRMAN: The committee have copies.

Mr. MORIN: They are incorporated with the Order in Council.

Hon. Mr. MACKENZIE: There is that trouble which has been mentioned by Mr. Starr. It is somewhat difficult for every member of the committee to examine some of the exhibits, and I think that so far as the plans are concerned, it might be difficult to have copies of them, but the other exhibits should be supplied and counsel should have them too.

The CHAIRMAN: It would be a tremendous task.

Mr. STARR: I was thinking more of this engineers' report and the exhibits attached to that.

Mr. WHITE: I understood that 25 copies of the report had been made.

Mr. HUNTER: We have that report mimeographed, and we can make as many copies as you like.

The CHAIRMAN: Will you see, Mr. Hunter, that counsel engaged get copies as soon as possible.

Mr. WHITE: Mr. Morin will now proceed, with your permission, with the examination of Mr. McLachlan.

Hon. Mr. MACKENZIE: What will happen to these conditions?

Mr. WHITE: They had better be incorporated in the report.

#### APPENDIX IV

##### RECOMMENDED CONDITIONS

The regulations which might be attached to our approval of the Beauharnois Company's proposal are as follows:—

(1) In any question which may arise from the application of this approval the settlement thereof shall be governed by full recognition of the dominant interest of navigation and the necessity of reserving therefor all or any requisite part of the natural flow of the St. Lawrence River.

(2) The works approved, or which may hereafter be approved, or designed, or made, shall at no time raise the natural level of water in the River St. Lawrence above the International boundary, or in any way contravene the terms of the Boundary Waters Treaty of 1909, or the Treaty of Washington, 1871.

(3) The works approved, or any modifications therein, which may hereafter be made or approved, shall be operated in conformity with the requirements of navigation on the St. Lawrence River, and the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second.

(4) Notwithstanding the approval herein contained the Federal authority may at any time

(a) order any changes or modifications in or removal of or substitution for the works which may be constructed or in course of construction or proposed to be constructed by the Company pursuant to this approval, and

(b) at any time require the Company to construct and maintain such further or other works as the Federal authority may consider are required fully to preserve or restore and maintain the navigation on the St. Lawrence River, and may from time to time require the Company to make such changes or modifications in the said works or to remove the same or any part thereof, or to substitute other works in their stead, as it may in its judgment consider necessary for such purpose, and the Company shall comply with, observe and perform all such orders and requirements.

(5) The Company shall construct and maintain its canal so as to give a clear width of 600 feet, on the bottom, a depth of 27 feet at low stage, and so as to afford average velocities of not more than 2.25 feet per second under any conditions of operation.

The radius of curvature shall not be less than 5,000 feet and one embankment shall form the prism on the north side of the canal. The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the Standards of the International Joint Board of Engineers Report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

(6) Whenever the Federal authority so declares, the right of public navigation within and along the proposed canal to the same extent and in manner similar to that provided in the case of the New Welland Ship Canal shall thereafter exist and be recognized by the Company.

(7) Whenever the Federal authority shall decide to construct locks and appurtenant works to connect Lake St. Louis with the canal reach for navigation purposes, His Majesty shall have the right, by his servants or agents, to enter upon and use any part of the applicants' lands, buildings, property or works which may be required for the purposes of such construction, and for the operation and maintenance of such locks and appurtenant works when completed, and the applicants shall convey to His Majesty the King in the right of the Dominion of Canada, free of all cost or encumbrance, the title to the necessary land sufficient for the site of such locks and appurtenant works, and no claim for any indemnity whatsoever owing to loss or inconvenience to works, operations, installations or distribution of power will be made by the company arising out of the construction of temporary or permanent works by the Federal authority, either at the entry works, along the course of the stream, or at or below the proposed works.

(8) The Company shall provide, maintain, and operate, when required by and to the satisfaction of the Federal authority, all Aids to Navigation made necessary by the Company's works, and shall submit to all regulations in respect to the operation of the Company's works as may be promulgated by the Federal authority in the interest of navigation.

(9) The Company shall grant to the Federal authority sites for all aids to navigation other than those required by the preceding section which may be required for the provision of aids to navigation for the use and convenience of shipping using the canal, and shall keep and maintain such sites free and unobstructed as far as the Company may do so, and shall give the Federal authorities or their agents free and unobstructed access by land at all times to such sites, and the Company on demand by that authority shall provide and deliver to such authority at such point as it may designate adequate and suitable electric power for operating, repairing, lighting and otherwise maintaining the canal and appurtenant works at a rate not to exceed  $\frac{1}{4}$  cents per kilowatt hour.

(10) The Company shall provide, operate, maintain and light all bridges over the canal to the satisfaction of the Federal authority.

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by Federal authority.

(12) No work in the St. Lawrence River shall be undertaken until a program of construction shall have been submitted to and approved by the appropriate Federal authority.



(13) The construction and operation of the works of the Company, as now or as may hereafter be approved, ordered, or required, shall be at the sole cost and expense of the Company and shall be subject to such further regulations as the Federal authority may from time to time deem necessary.

(14) The works shall be constructed by the Company subject to the approval of an Engineer or Engineers authorized for such purpose by the Federal authority and the decision of the said engineer shall be final and conclusive upon all questions that may arise in connection with such construction.

(15) The Federal authority, or its duly authorized representative, shall have full and free access at any and all times to the works of the Company and shall have free control of the operation of the compensating or regulating sluices wherever situated, shall have the right to measure the discharge of the various channels and passages, and to adjust the flow of water in the interest of navigation. The Company shall take and keep such records of the flow of the St. Lawrence River, or the waters thereof, as the Federal authority, or his representative, shall deem necessary, and shall calibrate or cause to be calibrated to the satisfaction of the Federal authority such turbines, penstocks, sluices, or other water passages, as the Federal authority may require, and shall furnish at such times and in such manner and in such form and based on ratings satisfactory to the Federal authority, certified copies of its records of flow and its records of operation.

(16) The Company shall furnish and deliver to the Federal authority immediately after the construction of the proposed works has been completed, such complete general and detail tracings of all parts of said works as actually built as may be required by the Federal authority, or his representative. These plans to give all dimensions, nature of material and other appurtenant information; shall be made on tracing linen and shall be provided with proper titles, headings and numbers.

(17) Should remedial works become necessary in the opinion of the Federal authority in the interest of navigation, because of surge conditions in the river below caused by the development of the Soulanges Section for Power, the Company will pay such proportionate cost of said works as may be required by the Federal authority.

(18) The Company shall not set up any claim

(a) for damages or for loss of property should any remedial works built under this approval become an impediment to future improvement of the section and require removal; or

(b) for damages should the works no longer be required for the purpose for which they were constructed and be put to other approved use.

(19) The Company shall provide gates in its power house of such capacity as will discharge 40,000 c.f.s. under the most adverse conditions of head and tail water level to be anticipated and to the satisfaction of the Federal authority.

Mr. STEWART: I notice that there are one or two changes between the conditions here and the conditions of the Order in Council.

Mr. WHITE: Yes.

Mr. STEWART: "Governor in Council" is substituted for "Federal authority" in two places, and "Federal authority" has been substituted for "Minister of Public Works"; and in 4 "Federal authority" has been changed

to "Minister of Public Works." In 5 "Federal authority" has been changed and B has been changed as well. The Minister has been substituted. No. 11 has been changed to "the Minister" from "Federal authority."

Hon. Mr. MACKENZIE: That is done all the way through.

Mr. STEWART: Governor in Council has been substituted.

Hon. Mr. MACKENZIE: Of course, you would not expect a committee of engineers to know what the proper Federal authority was.

The CHAIRMAN: Just who would know?

Hon. Mr. MACKENZIE: Nobody.

Mr. STEWART: It is an important point. I see that the lawyers have raised the question already. They were able to delegate the powers for the Governor in Council to the Minister.

Hon. Mr. MACKENZIE: That is a matter for argument.

Mr. STEWART: A Federal authority is used in these.

Hon. Mr. MACKENZIE: It is a nice constitutional point.

Mr. STEWART: In regard to the conclusions this report says, "your committee are of the opinion that the site and works proposed in the plans. . ." now, there has been an argument here between counsel regarding the meaning of the word "works," and I do not know whether they are going to allow me to ask what you understand by the word "works." If you will look at paragraph 89 you will see these words, "your committee are of the opinion that the site and works proposed in the plans and application filed by the said Company. . . ."

Mr. McLACHLAN: I understood that to mean the canal, the power house, the works at the foot of Lake St. Francis, and remedial works in the river that were necessary to develop the power from the 40,000 second feet diversion.

Mr. LENNOX: Would the development of the river itself be of any value without the work that is going on now, to the Beauharnois people?

Mr. McLACHLAN: No. The work in the river below Coteau Rapids is, of course, a liability which they have to perform in connection with the seven foot rapids navigation. It has really nothing to do finally with the development of the power.

Mr. LENNOX: Supposing they did not do this work, what would be the value of the St. Lawrence power to them?

Mr. McLACHLAN: Supposing they did not do the work in the river, do you mean?

Mr. WHITE: I think this is what Mr. Lennox wants to know: suppose the power project were not going on, would these remedial works that are spoken of in the plan be necessary at all?

Mr. McLACHLAN: Of course not.

Mr. LENNOX: That is not what I want. Mr. Montgomery said yesterday—or it may have been Mr. Hellmuth—that the reason no new plans were submitted for the approval of the department was because the work that was being done at the present time was being done on property owned by the company itself.

Mr. MONTGOMERY: Plans were submitted.

Mr. LENNOX: And the government were not interested in the work that is at present going on, and that the only time that it would be necessary to appeal to the government—to apply to the government—would be when you came to the inlet. I suppose, of the canal, and you would have to take your chance on that. What I wanted to know was, would the work on the river, after they come to the inlet, be of any value to the Beauharnois Company if it were not for the work they are doing to-day on their private property?

Mr. McLACHLAN: Certainly not. I would say not.

Mr. MONTGOMERY: The only correction I will make—and I will have a correction to make in regard to these plans—I have cleared up the question of that matter in the August 30 plans in that discussion we had about the general plans, and last night I had an opportunity of seeing the plan itself, and I am in a position to clear that up. You will understand that the application—the plans were forwarded to the Department of Public Works on July 29 and August 30. There was a question of holding up the works until they had been approved.

Mr. LENNOX: I was not so much interested in that as I was in the fact that you stated, or somebody stated, that it was none of the Government's business what you were doing at the present time.

Mr. MONTGOMERY: I do not think it was quite as abrupt as that. We are working along very well with the Government, and the changes that have been made in July and August are changes worked out along with the government engineers. The government have a resident engineer there constantly, and all these things are being worked out in cooperation between the two staffs of engineers.

Mr. LENNOX: My recollection is that the argument used yesterday was that the Government had no right or no interest because their interest was confined to the Navigable Waters Protection Act and you had not reached that stage.

Mr. MONTGOMERY: What I understood from my learned friend's suggestion was that they had not reached the stage where the works, within the meanings of the Navigable Waters Act, were being performed.

Mr. HELLMUTH: That is what I intended to convey; that the works under the Navigable Waters Act were only the works that were being performed in the river itself, and that as to those, before we could do anything, we had to have the approval, and that that was the meaning of the word "works" in the document in question.

Mr. LENNOX: I think I must have misunderstood you, because I thought you went further than that. I thought you said the Government had nothing to do with the work that was being done on private property.

Mr. HELLMUTH: They might make a condition in regard to what works should be done on private property before they would give the consent to the works that were being done in the river, and I was discussing—or intended to be discussing—the meaning of the word "works" that should not be done until the Plans have been filed under the Navigable Waters Protection Act.

Mr. LENNOX: Did you not discriminate between the works that are being done on the private property of the company and the works that were done in the river?

Mr. HELLMUTH: I did in this way, that the works that were being done in the river are works that are being done under the Navigation Protection Act, but the works that are being done on our own lands are not being done under that Act.

Mr. LENNOX: Do you say they are or are not part of the project?

Mr. HELLMUTH: You will find—of course the works that are being done on our own property are part of the Beauharnois project undoubtedly, but if you refer to the report of the proceedings on page 69 you will see my argument there.

Mr. LENNOX: You use these words at page 69 about line eight:—

"Now, it is quite true that the Governor in Council will have to approve of the plans of the proposed canal before it can be used as a navigable stream. There is no question about that, and we will have



to get that approval; but at the same time the works and the only works that the Governor in Council can deal with under Chapter 140 are the works which are proposed interfere, under section 4, with navigable streams, and that has not been attempted, nothing has been done in regard to that. We take our chances on having the Governor in Council approve of what we propose to substitute for the St. Lawrence river at that time. But at the same time, what we are doing on our own property.

The CHAIRMAN: Read the rest of it.

Mr. LENNOX:—

“Mr. JACOBS: You take your chance on the Minister approving the work you have done?”

Mr. HELLMUTH: Yes, and we are believing that the Governor in Council—the engineers inspecting it have not registered any complaints as to what we are doing, and we believe that we are not taking a very great chance. That is the position.

Mr. HELLMUTH: Yes, because all those works that we have been doing upon our own land were in accordance with the plans, modified, and in accordance with the suggestion that had been made from time to time by the engineers, who have been in the Public Works Department, and have been done in full accord with what they desire, and, therefore, as I said, I do not see that we were taking any chances at all because we were following these works in accordance with what the Government engineers from time to time were suggesting.

Mr. LENNOX: The Chairman has asked me to read at the bottom of page 69:—

The CHAIRMAN: Mr. Hellmuth, do I understand you to take the position that at the present time the Beauharnois Company has not the approval of the Governor in Council?

Mr. HELLMUTH: It has not received the approval of the Governor in Council, has not received the approval of the Minister. We have received approval of the Governor in Council so far as our general plan is concerned of the Beauharnois Canal. We took the precaution at the time—

Now, let me ask you this question. Regarding the general plan that is followed, does that set out and contain the work that you are doing to-day?

Mr. HELLMUTH: I am so instructed.

Mr. LENNOX: It is part of the work set out in the plan that is filed, and approved, as has been alleged?

Mr. HELLMUTH: Approved by P.C. 422. If I make myself clear—Mr. Montgomery says he looked into that matter, and you will see when we get to the letters written in July of 1929 that while the words “general plan” are used, it is simply the other plan, the original general plan, with certain modifications, which, as we understood, were approved of at that time by the engineers, and it really consists of detailed plans. Now, if those plans—there were in August of 1930 other plans substituted which, again as I am instructed, we are following out, subject to the provision that is made in this P.C. 422 where the provision is made that there may be modifications from time to time of the plans, and the detailed plans show such modifications as were suggested—that there has been no new enlarged plan showing an entirely different work, or anything like that.

Mr. LENNOX: I do not think you appreciate what I have said. I do not care whether you call it a general plan or a detailed plan; what I am interested in is

to know whether the plan, general or detailed, as already filed and attached to P.C. 420 covers the work that you are at the present time doing, and have been doing on property that you claim belongs to the company.

Mr. HELLMUTH: Yes. As I said, with modifications.

Mr. LENNOX: Of course, we expect every counsel to have modifications.

Mr. HELLMUTH: You will understand, Mr. Lennox, that it is perfectly impossible with a general plan made like that. Now, one thing has been mentioned: for instance, where there is rock of a certain depth, where there is clay it may be of another depth. Now, if the general plan shows a position where it was supposed to be rock while the engineers when they went there found it was clay, there might be an enlargement of that plan where it was intended to be enlarged where there was clay.

Mr. LENNOX: Still you do not understand me. I am not interested in the widening of the canal or the striking of some rock. That is a matter that the engineers will have to deal with. What I am interested in is to know if the plan that is filed is in accordance with work that is going on to-day, along with the work that will be done in the St. Lawrence River?

Mr. HELLMUTH: I am so instructed.

The CHAIRMAN: I think there must have been a misunderstanding between the committee and Mr. Hellmuth and Mr. Montgomery and yourself yesterday. I have the impression that Mr. Lennox had, that no plan had yet been approved by the Governor in Council or the Minister that provided for the work that will become necessary to draw the water out of the river into this canal, and that you did not need that approval and did not intend to ask for it until you needed it, and that you were dividing the operation into work done on your own property for which, as you say it is your right, you do not need approval, and the work that would directly affect navigation for which you undoubtedly would need approval. Then, down further on page 70 I put it this way to you. You are answering Mr. Jacobs' question:—

Mr. JACOBS: Mr. Hunter says they are substantially the same.

Mr. HELLMUTH: Yes. I merely wanted to say that so the committee would think that we were assenting in, in all events, to my friend, Mr. White's view in this matter. I merely want to put that before the committee.

The CHAIRMAN: You, if I understand you correctly, take the further position that the work presently carried on is—let me put it this way—it is divisible between navigation, and work on the site—

In other words, for the purpose of getting approval of the plan you do not need any approval for the work on the site, but you do need approval for the work when it comes to interfere with navigation. That is the impression I got yesterday; and the question that arises in my mind is this: if the site and the navigation end of it are deemed to be divisible in this case, when you turn to the financing of the project it was not divisible at all; the whole thing went in as a comprehensive work that was going to be carried on. I think there must have been a misunderstanding yesterday.

Mr. HELLMUTH: Yes, perhaps so. But you see if you look at the beginning of that, it was all dealing with the Act in respect of the protection of navigation, and I was endeavouring to point out the difference between those works and the works on our own land.

The CHAIRMAN: Mr. Montgomery agreed with your contention yesterday.

Mr. LENNOX: At page 67, Mr. Montgomery says:—

“No one is contending—

just before that Mr. White said, "my friend is putting a wrong interpretation on the Order in Council, I am afraid." Article 12 says: "No work in the St. Lawrence River shall be undertaken until a program of construction shall have been submitted to and approved by the Minister."

Then Mr. Montgomery says: "No one is contending anything to the contrary, Mr. White. There is common ground between us. We have filed these plans for approval, but until we do something interfering with navigation, surely the department has nothing to do with what we are doing on our own private ground."

The CHAIRMAN: So, we were all, I think, probably labouring under a misapprehension.

Mr. HELLMUTH: You will see that in another place it is stated that there was no doubt about it that the Government could impose certain conditions upon us. Before we would be entitled to claim the right to go into the river and do any work there they could say—

The CHAIRMAN: This is Mr. Montgomery answering Mr. White, and the answer is so clear that it is scarcely capable of misinterpretation; and if Mr. Montgomery's contention of yesterday is correct, that this work is divisible, then, of course, I will have to ask someone to explain why the financing was not divisible, because I imagine you would have some difficulty raising all that money on your private property with the work you are doing there at the present time.

Mr. HELLMUTH: Unless we got the ultimate right to divert the water in it.

The CHAIRMAN: Unless the pious hope became a reality.

Mr. WHITE: May I point this out so that my view of it may be present in the minds of the committee and counsel. When my learned friend, Mr. Hellmuth, contends that under the Navigable Water Protection Act the works referred to are only those in the river, surely he must not have had in mind that this project involves the withdrawal from the river of 40,000 cubic second feet which does affect navigation, and which, from a navigation standpoint under the Act, the Federal Government would have the right to approve or disapprove of the means by which it is proposed to divert that water. That has been recognized from the first. For that reason the approval of the Governor in Council was obtained to the general plan by which the actual physical diversion was to be got.

Hon. Mr. MACKENZIE: The whole confusion has arisen from the different interpretation of the word "work" or "works"; one being the interpretation of the word "work" in section 2, subsection B of the Navigable Waters Protection Act, and the other being the general interpretation of the whole project as "works." I think that is the whole difference in the argument.

Mr. WHITE: But the fact is that not only would the Governor in Council have the right to approve or disapprove of the manner in which the 40,000 cubic feet was got, but of the works that are devised for the purpose of extracting, and that consent as a fact, whether necessary or not, was obtained to the general plan filed showing how this ditch was to be dug, and its dimensions.

Mr. LENNOX: Take this map with the Canadian Light and Power Company, which creates power for them, in the centre, could it be contended that if you started that in the St. Lawrence river that until you got to the canal it would not come under the Navigable Waters Protection Act?

Mr. MONTGOMERY: I presume that if a person had a farm there between the canal and the river at that point, he could go ahead and do anything he wanted. He could not do anything that would affect navigation until he got the approval of the Governor in Council. Up until that time he could dig the whole farm out.



Mr. LENNOX: The man could dig his ditch to the canal as long as he did not enter the canal himself; but would his position be the same if he had made application to the Government and got a charter and approval of plans which included that ditch; would his position be the same?

Mr. MONTGOMERY: If the ditch were an essential part of the work and he went ahead without complying with some condition, he certainly would not be able to make his opening between the canal and the river until such time as he complied with that condition. Theoretically, perhaps, he might find himself in the position of having dug his ditch in vain.

Mr. LENNOX: I think Mr. Stewart's question of what works were included will have a good deal of bearing.

Mr. STEWART: I was asking about "works" in paragraph 89 which brings about the conclusions. I want to know what that Board of Engineers understood by "works."

Mr. MONTGOMERY: Mr. McLachlan has given his answer to that.

Mr. STEWART: Would it be all right to ask what the Board of Engineers understood by "works" in condition 11 here—in the conditions we have put in Appendix IV? What are the works referred to there according to the engineers?

Mr. MONTGOMERY: Whatever interpretation Mr. McLachlan would give, one would have to decide as to what chance, if any, the company took in going ahead without first waiting for that approval for which they had applied.

Mr. STEWART: My point is this: that this Board of Engineers imposed on the Governor in Council and on the Beauharnois people certain conditions. Now, what did they refer to when they said "works" in clause 11? What did they mean? That is the ordinary layman's way of asking a question.

Mr. MONTGOMERY: Mr. McLachlan, as far as he is concerned, has answered that question.

Mr. STEWART: I would like to ask Mr. McLachlan that question.

Mr. McLACHLAN: Clause 11 of the conditions in our report reads as follows: "The Company shall not commence the construction of works until detailed plans of construction and all necessary information respecting the said works have been submitted and approved by the Federal authorities." I understood that to mean that they would not start to work on anything—the canal or the banks or the power house or the works in the river—until they had submitted the detailed plans and had approval.

Mr. MONTGOMERY: Might I ask Mr. McLachlan a question? That is not in your department, is it?

Mr. McLACHLAN: Well, of course, in writing this report as you know, we co-operated with the sub-committee.

Mr. MONTGOMERY: I am not talking about the report; I am talking about the approval.

Mr. McLACHLAN: As to where jurisdiction should lie in one case and in another, I have made quite a study of that.

Mr. MONTGOMERY: Does not Paragraph 11 tell you?

Mr. McLACHLAN: I will tell you what I conceive to be the intention of the Government at the time they separated the Department of Railways and Canals from the Department of Public Works. It was to vest in the Department of Public Works those sections which had to do with those rapids and navigation, and to vest in the Department of Railways those sections that were likely to become a part of the through deep navigation scheme.

Mr. MONTGOMERY: You are interpreting the statute.

Mr. McLACHLAN: Of course. You asked me to interpret it.

Mr. MONTGOMERY: Oh, no, I did not.

Mr. GARDINER: In view of the fact that there is a possibility of this becoming a navigation canal, would you not think that works as included here would include the whole of the works, not only of the river, but the canal itself?

Mr. McLACHLAN: I do not believe, as representing the Department of Railways and Canals, which has to do with canals, that I really have any real necessity for interfering in the design of the works through Cedar Rapids, through Split Rock Rapids and Cascades Rapids, because that is not in a level where there will be any canal navigation or deep water navigation. I do not think it would fall to me as representing Canada on this International Joint Board of Engineers, nor fall to me as engineer representing the Department of Railways and Canals, which has only to do with through canal navigation; but I assisted Mr. Cameron on request of the Department of Public Works, in indicating to Mr. Cameron, and also to the company's engineers, what form of work in those rapids would compensate in a satisfactory manner for the diversion, and in anything I have done in assisting Mr. Cameron up to date, I have not attempted to differentiate between the jurisdiction of one department and the jurisdiction of another.

The CHAIRMAN: I do not think that is important anyway.

Hon. Mr. MACKENZIE: I again repeat that I would like to have the opinion of the other three engineers, because I think it is very much better than to have just the one interpretation. I think we should have the interpretation of the other three.

Mr. LENNOX: I stated that, Mr. Mackenzie.

Hon. Mr. MACKENZIE: I mean, if I sign a document and others with me and you have my interpretation, that may not be the same as Mr. McLachlan's evidence.

Mr. LENNOX: It is not fair to ask one engineer without having the others here too.

Mr. WHITE: As Mr. Morin points out to me, it has given me the idea which, to my mind at least, concludes the matter when he asks me if it is not a fact that this work that is being done at present by the Beauharnois Corporation is not being done under contract by the Dominion Government. They have an agreement saying how the work shall be done, what shall be done; how can it be argued that that is not part of the work in the face of their own bargain with the Government.

Mr. MONTGOMERY: Why, Mr. White, the Governor General himself set off the first blast.

Hon. Mr. MACKENZIE: Personally, my opinion of it is that I would like to have the opinion of the technical officers acting for the Governor in Council who drew up this report to see what they meant by the word "works." I think there is a very large diversion of opinion as to whether you are bound by section 2 or bound by the general description of the entire work.

Mr. LENNOX: That is fair.

Mr. WHITE: Eminently fair. There is no room for argument at all. The thought that was in my mind though is this, that when one comes to the Governor in Council for approval of the works which the withdrawal from the river—because that is all this is—of 40,000 cubic second feet makes necessary, to say that the only thing the Government has to do is to approve of the works which are actually in the river itself and not the means by which it should be—

Mr. MONTGOMERY: No one argues that at all.

Mr. STEWART: I got that opinion.

Mr. HELLMUTH: I never intended to argue, because I made it quite clear that the Governor in Council had the power and the right to impose any condition.

Mr. LENNOX: Listen to this: "Surely the department has nothing to do with what we are doing on our own private property". Those are Mr. Montgomery's words.

Mr. MORIN: You are building a navigation canal for the Government. Surely the Government should have something to say about it.

Mr. JACOBS: The government engineers must be doing something down there. They must be there for some purpose.

Mr. MONTGOMERY: They are in close daily co-operation with all these things and working out the best scheme for these works. They have a resident engineer on the ground, and everything that is being done is being done with the utmost co-operation.

Mr. JACOBS: And their salaries are paid by the Dominion Government?

Mr. MONTGOMERY: Precisely.

Mr. JACOBS: They are employees of the Dominion Government?

Mr. MONTGOMERY: Oh, yes. Absolutely.

Mr. WHITE: And those files are full of their reports showing the progress of the work.

Mr. MONTGOMERY: It is a very technical objection which my friend is taking because, as a matter of fact, the object and intent of this order in council is being fully carried out, whatever interpretation might be put on section 11, that is, everything that is being done is being done with the approval of the department under the supervision of its engineers.

Hon. Mr. MACKENZIE: The question comes down to this after Mr. McLachlan's reply: Did your company have the right or the authority to commence the development of any work at all on your own private property under P.C. 422 until the detail plans referred to in the Order in Council were approved by the Governor in Council? That is the point that I am not clear in my mind about yet.

Mr. MONTGOMERY: The question you are asking is a highly technical one anyway. There is no doubt about it that there is the fullest co-operation between the Department of Public Works and the company in the carrying out of this work. I have no doubt, as expressed in the report itself, a lot of this work is bound to be experimental.

Hon. Mr. MACKENZIE: But you would not contend for a second that from the date of commencing operations on your canal that it was one authorized by the Government that might affect navigation,—and that is bound to be the case when completed.

Mr. WHITE: And part of the characterization of my learned friend of my objection as technical,—and may I point out that I am not making any objection; the objection is coming entirely from the other side.

Hon. Mr. MACKENZIE: We are trying to clarify the situation, Mr. White.

The CHAIRMAN: I think we have got it all straightened out now. This is a comprehensive scheme, part of which has been approved and part of which has not.

Mr. STEWART: Are there just 19 conditions in that report?

The WITNESS: There are 19 in the report which we signed, sir.

*By Mr. White:*

Q. That is, the committee of engineers.—A. Yes.



Mr. WHITE: Just before Mr. Morin proceeds, if I might interrupt once more, you will recall that yesterday there was asked for from the Secretary of State a copy of the application for the Charter of the Beauharnois Power Corporation Limited. I have that now under the seal of the Department and the signature of the Under-Secretary of State, Mr. Mulvey. That will be Exhibit No. 30:—

I hereby certify that the annexed document is a true and correct copy of the application for incorporation of Beauharnois Power Corporation Limited filed in the Department of the Secretary of State of Canada by Messrs. McGiverin, Hayden & Ebbs, Barristers, Ottawa, on the seventeenth day of September, One thousand Nine hundred and twenty-nine.

Given under my hand at Ottawa, this twenty-sixth day of June, One thousand nine hundred and thirty-one.

THOMAS MULVEY,  
*Under-Secretary of State.*

I just want to call the attention of the committee to paragraph 1 of the purposes for which incorporation is sought, and that throws just a little light on the subject which we have been discussing.

To develop, promote the development of, operate and turn to account.

Sir EUGENE Fiset: What is the date of that?

Mr. WHITE: The application was filed on the 17th September, 1929.

Hon. Mr. MACKENZIE: A Dominion incorporation.

Mr. WHITE: Yes, an application under the Dominion Companies Act.

Hon. Mr. MACKENZIE: What are the main purposes of incorporation, are they specified there?

Mr. WHITE: Yes, they are very long.

Hon. Mr. MACKENZIE: Any reference to power development there?

Mr. WHITE: Oh, yes:

To develop, promote the development of, operate and turn to account natural resources and to investigate, promote, acquire. . . .

Mr. LENNOX: It does not convey a whole lot to me.

Hon. Mr. MACKENZIE: The point I want to make is this: Did the company in its application for a charter from the Dominion recognize any right on the part of the Dominion to power.

Mr. WHITE:

To develop, promote the development of, operate and turn to account natural resources and to investigate, promote, acquire, organize, re-organize, develop control, carry on, administer, operate and dispose of all such undertakings, enterprises, and properties of every kind as may be useful for or in connection therewith including the development, production, use, distribution, or disposal of energy, power, light or heat, and to take part in the management, supervision or control of the businesses, operations or undertakings of any corporations, syndicates, associations, partnerships, firms or individuals carrying on or authorized to carry on or having any interest in any such undertakings, enterprises or properties and for that purpose to appoint and remunerate any directors, accountants, or other experts or agents and to investigate and examine, and to employ experts to investigate and to examine into the conditions, prospects, value, character and circumstances of any undertakings and generally of any assets, property or rights.

Mr. MONTGOMERY: Probably one of Palmer's clauses.

Hon. Mr. MACKENZIE: May I clear up this one point, the charter, that is the charter of the Beauharnois Power Co.

The CHAIRMAN: The application.

Hon. Mr. MACKENZIE: Not the Beauharnois Light Heat & Power Company.

Mr. WHITE: The Power Company was incorporated under an Act of the province of Quebec and amended by a subsequent Act both of which are on file with the committee.

The CHAIRMAN: That application has been marked Exhibit No. 30.

*By Mr. Morin:*

Q. I understand, Mr. McLachlan, that after making this report you had something more to do about this project?—A. Yes, sir.

Q. And in September, 1930, you were requested by your Minister—and we have the letter in the record—to go and make a survey of those works and to prepare to report?—A. Yes, sir.

Q. Did you go alone or were you assisted by other engineers?—A. That is, September, 1930?

Q. Yes.—A. Yes. I was requested by the Minister of Railways and Canals to call together members of the Joint Board of Engineers, Canadian Section, and proceed to an examination of those works and report as to how they would affect,—I think I should read the letter.

Q. We had the letter yesterday. So you went over the property with two other engineers, members of the Canadian Section of the Joint Board of Engineers?—A. Yes, sir.

Q. They are Mr. Lefebvre and General Mitchell?—A. Mr. Lefebvre, the Chief Engineer of the Quebec Streams Commission, an employee of the province of Quebec, and General C. H. Mitchell, Dean of the Faculty of applied science, of Toronto University.

Q. And at that time, I suppose, the Beauharnois Company was working at this canal?—A. Yes, sir.

Q. Now, you have prepared this report?—A. Yes, sir.

Mr. MORIN: It might be interesting to the committee to have the report, if it can be produced.

The CHAIRMAN: Oh, yes. We want to see that report.

Mr. MORIN: This report was handed over to the Prime Minister. It is a confidential document, prepared by a public officer.

Hon. Mr. MACKENZIE: Has the Prime Minister any objection to producing it?

Mr. WHITE: He did object in the House.

Mr. MORIN: In the House its production was objected to.

Mr. STEWART: On May 19th, when Mr. Gardiner made his speech.

Mr. WHITE: I believe it might be advisable to ask the Prime Minister before the report is presented.

*By Mr. Morin:*

Q. So that you have made a study of the way they were proceeding with this work.—A. Yes, sir.

Q. And when you went over the ground in September or October, 1930,—will you tell us if you found something different, comparing the actual plans on which they are operating and the plans which were submitted and annexed to order in council P.C. 422.

Mr. CANNON: The committee has not yet given its decision as to whether the report has been introduced.

Mr. MORIN: I am not mentioning the report at all.

Mr. CANNON: The committee has not as yet given its decision whether the report should be produced or not. I understand that the Prime Minister is to be conferred with. Well now, would it be the proper procedure at this time to have Mr. McLachlan, as a witness, examined on what might be contained in the report? It might be an indirect way of putting before the committee what the committee has not yet decided should be produced or not.

Mr. MORIN: Well, I am simply after the facts, what Mr. McLachlan or any other engineer can tell us.

Mr. JACOBS: We had better suspend this line of evidence until we hear what the Prime Minister has to say.

Hon. Mr. MACKENZIE: If the report cannot be produced no reference to it should be made. I think the point raised is very well taken. I do not believe Mr. McLachlan can properly refer to his investigation until the committee decides that this report can be produced before this committee.

Mr. MORIN: Well, I cannot go any further.

Hon. Mr. MACKENZIE: Well, Mr. White always is able to go ahead with something else, I am sure.

*By Mr. Morin:*

Q. Do you know, Mr. McLachlan, if in your department there is any approval of the opening of the dyke at the intake of the canal?—A. I had that record looked up, but I find that the Beauharnois Company did apply for permission to cut through the dyke. I would have to look it up to give you the time, sometime ago, but that permission has not yet been granted.

Mr. WHITE: I should think it is important to know the date of the application.

*By Hon. Mr. Mackenzie:*

Q. Was that application to the Department of Railways and Canals?—A. Yes. I will have to get that record for you.

The CHAIRMAN: Don't go for that record now, Mr. McLachlan.

*By the Chairman:*

Q. Does not Order in Council No. 422, with the plans that were attached to it, contemplate the opening of the dyke? Why did they come back after that and ask for supplementary powers or approval to open the dyke if they had that when the first plans were approved of by P.C. 422?—A. That I do not know. I do not know that I have answered that question correctly. I would have to think for a moment. I doubt if that would be the case. I would think they would have to get title to the land especially outside the navigation canal. I do not know. I cannot answer that question anyway.

Mr. WHITE: May I suggest, Mr. Chairman, that there might be two reasons. First that the Dominion claims title to the actual land upon which the dyke is situated, and that before the company could go upon that land they might want to acquire title, or secure leave and licence to permit their so doing so they would not be trespassers upon government property. The second reason is that I imagine the original general plan did not show in detailed manner the way in which the dyke was proposed to be opened and as to whether there were safeguards sufficient for the protection of the balance of the dyke. There might be some question like that involved which would require the protection of the Department.



The CHAIRMAN: Turn to P.C. 422, page 6, amending of application. You will remember that the first application was not satisfactory and an amended application was put in reading as follows:—

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government, involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration. (*Exhibit No. 31.*)

The CHAIRMAN: Now, is not that comprehensive? How could they possibly develop power unless they had the right to break through the dyke and let the water through the ditch?

Mr. MONTGOMERY: The matter can be quite easily cleared up by the letters referred to. What they applied for really was the purchase of the rights to the land occupied by that dyke. They acquired the right under the approval to acquire title to that portion of the land.

The CHAIRMAN: Then what is meant is that the company had to get a deed from the Government of the land itself.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: Although the application appears to be broad enough to permit the company to go ahead and cut through the dyke.

Mr. MONTGOMERY: It does so far as the Public Works are concerned. Then they had to get the title from the Department of Railways and Canals, the same as any other party. The letter is dated July 29, 1929:—

MONTREAL, July 29, 1929.

The Secretary,  
Department of Railways & Canals,  
Ottawa, Ont.

*Application by Beauharnois Light, Heat and Power Company for the purchase of a Part of Hungry Bay Dyke now owned by the Department of Railways and Canals, Canada.*

SIR,—The Beauharnois Light, Heat and Power Company desires to make application for a certain part of the dyke on the south shore of Lake St. Francis, known as "Hungry Bay Dyke," Lot No. 340 of the Parish of Ste. Cecile, county of Beauharnois, now owned by the Department of Railways and Canals of Canada. The attached description and plan No. 291-9-9, signed by Mr. Arthur W. Sullivan, Q.L.S., indicates in detail the limits of the property required by the company for the construction of the intake to a canal to be built in accordance with an emphyteutic lease from the Government of Quebec dated June 23, 1928, and a Dominion Order in Council dated March 8, 1929 (P.C. 422). The detailed plans and information submitted to the Minister of Public Works, in pursuance of Condition No. 11 of the said Order in Council, show the salient features of the proposed canal.

The Company now holds under lease from the province of Quebec the deep water lot forming part of the bed of Lake St. Francis immediately in front of that part of Hungry Bay Dyke which is the subject of

this application. The Company also has under option all those lots immediately behind Hungry Bay Dyke in which will be excavated the intake of the proposed canal.

We have the honour to be, sir, your obedient servants,

BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY.

(Signed) R. O. SWEEZEY, *President*.

HUGH B. GRIFFITH, *Secretary*.

July 30, 1929.

SIR,—I have to acknowledge the receipts of your letter of the 29th instant, making application for the purchase of a certain part of Hungry Bay Dyke on the north shore of Lake St. Francis, known as "Hungry Bay Dyke," Lot No. 340, of the Parish of Ste. Cecile, county of Beauharnois, P.Q.

I am, sir, your obedient servant,

J. W. PUGSLEY,  
*Secretary*.

The Secretary,  
Beauharnois Light, Heat and Power Company,  
1117 St. Catherine St. W., Montreal, Que.

*By Mr. Morin:*

Q. Mr. McLachlan, will you kindly tell me if there is any navigation near the intake of this channel on Lake St. Francis.

Mr. WHITE: Which channel?

*By Mr. Morin:*

Q. Near the canal.—A. There is nothing but ordinary rowboat navigation.

Q. No trade navigation?—A. No trade navigation.

*By Hon. Mr. Mackenzie:*

Q. Where is that, Mr. McLachlan?—A. I say there is nothing but rowboat navigation near the intake of the Power Canal. The 14-foot navigation passes down the north side of Lake St. Francis and down the St. Lawrence canal. The rapids navigation passes through the swing bridge which is at the north end of the railway bridge at Coteau Landing. It passes on down the river at that point. Then there is navigation into Valleyfield which has a harbour with developed wharves and it goes in and goes out. That is the only navigation outside of rowboat navigation.

*By Mr. Morin:*

Q. Gasoline launches.—A. Yes, gasoline launches.

*By Mr. White:*

Q. What do you mean when you say rowboat navigation?—A. I mean small boat navigation.

*By Mr. Morin:*

Q. Now, according to the plans annexed to Order in Council 422, do those plans show any work to be done in the St. Lawrence river near the entrance to the canal?—A. Yes, they show the excavation of a channel 600 feet wide out into the river a little distance.

Q. But just excavation work, no piers?—A. Just excavation work, that is all. That is correct, sir. The excavation goes out about 2,000 feet into the lake for a width of 600 feet.

Mr. WHITE: Mr. Mackenzie is not quite satisfied. He wants to know whether the only work is the excavation. Is that what you mean at that point?

The WITNESS: Yes, at that point.

*By Sir Eugene Fiset:*

Q. The general plan shows only the excavation.—A. Yes.

Q. But the ten other plans attached to the general plan, do they show any detail work as mentioned by Mr. Morin?—A. The detail plans that have since come in?

Q. No, no, attached to the Order in Council.

*By Hon. Mr. Mackenzie:*

Q. Attached to P.C. 422. You have twelve exhibits there.—A. Do they show any work?

*By Sir Eugene Fiset:*

Q. Any detail work, as explained by Mr. Morin in his question.—A. No, nothing more than the general plan shows.

*By Mr. Morin:*

Q. There is nothing to be done there in connection with this work except excavation.—A. Yes.

Q. Now, look at this plan before the committee and compare it with the general plan annexed to Order in Council P.C. 422, and tell me if the intake of the canal is at the same place now as it appears on the general plan annexed to the order in council.—A. No. The intake is moved about 3,000 feet north from where it was shown on the original plan.

Q. So the company has changed the intake of the canal 3,000 feet.—A. Yes, the company has changed it. I can show you the amount of that change if you wish. The original intake was on a straight line covering about the territory covered by the ruler (indicating on plan). Now, it is turned in that direction (indicating). It is moved along the shore over 3,000 feet.

Q. Now, is the condition of navigation worse with the actual plan than with the original plan attached to the Order in Council.—A. I interpret it as being so.

Q. This is most important.—A. I interpret it as being so.

Q. If so, please explain.—A. The reason I take that position is this: The water flowing out of Lake St. Francis down the river converges through the Coteau Bridge. As a consequence the water flowing out of Hungry Bay, which is the southerly half of Lake St. Francis, as shown on the map on the wall, travels at an angle of about 45 degrees off the shore out say a mile from that shore, and as it gets close to the shore, of course, it is parallel to it. The plan of the deep waterway project from Lake St. Francis to Lake St. Louis will, of course, require the excavation of a channel from about two miles out in the lake right into the entrance. Navigation through that channel will have to be made along a line which will be about 45 degrees to the current, and the natural depth will be about 20 feet, so that a boat drawing 25 feet will have its keel five feet below the natural depth of the lake. Now, originally when the Beauharnois project was approved, that channel was further upstream, and as the power to be drawn was drawn further up the lake where it is naturally more still, conditions would be better under that project than they will be under the proposal.



I might also mention, as a matter of history, the old Beauharnois canal was abandoned in 1890, and the Soulanges canal location was built on the north side of the river largely on account of the difficulty said to be encountered in going into the old Beauharnois canal. I do not know that that is very important evidence to give, but it is an indication that it is always a cardinal principle in navigation that a boat cannot travel in a narrow channel and at the same time negotiate cross currents. You can only cross current very gradually in navigation. The channels to permit of free navigation must be as much as possible along the line of the natural current in the river. That is quite a difficulty to be met with in the change that has been made in the plans.

Q. Is it a serious question?—A. Well, it is serious enough for me to feel that some change ought to be made to mitigate conditions, otherwise I am sure we will have trouble both in using the waterway we have built under those conditions and in satisfying the American engineers when they come to approve of what we propose to do in Canadian territory.

Q. And this change was never approved?—A. This change was never approved.

*By Sir Eugene Fiset:*

Q. Was it made with the knowledge of the engineers of the Department?—A. This change was incorporated in the detailed plans that were submitted I think on May 7th, 1929.

Hon. Mr. MACKENZIE: July 1929, is it not?

The WITNESS: My impression is that they came in earlier than that.

Mr. MONTGOMERY: May 7th, is the date of the plans.

The WITNESS: In any case, when I met the engineers of the Beauharnois Company in my office, along with the other members of the committee who were passing upon these plans, and who wrote this report that was read to-day I pointed out the change and the disadvantage that it was going to be to navigation. I did that verbally.

*By Mr. Morin:*

Q. Now, will you take up those plans annexed to the Order in Council and show to the committee the difference between these two plans, the actual plans on which the work is being done and the original plans?—A. Could I use this plan which is a copy of the plan annexed to the Order in Council?

Mr. WHITE: Well, if it is a copy.

The WITNESS: It is a copy, as near as I could make it in our office.

*By Hon. Mr. Mackenzie:*

Q. In what direction does the current flow at the present intake of the proposed plan, is it straight north?—A. Straight north, yes, at about seven-tenths of a lineal foot per second.

*By Mr. Lennox:*

Q. You say that there is a change and it affects conditions. Could you tell us in a word how the conditions are affected by reason of the change?—A. The cross-currents are intensified, the cross-currents are increased.

*By Hon. Mr. Mackenzie:*

Q. You strike the current at a more acute angle?—A. Yes, and the magnitude of the current is increased.

Q. By the acuteness of the angle?—A. Well, by the movement—

*By Mr. White:*

Q. By the greater nearness of the rapids?—A. Yes.

Q. 3,000 feet further back the current would not be flowing as fast when you get to the rapids?—A. If I can get someone to hold this up for me I will describe the changes they have made, or I can do it on the plan that is on the wall. The plans attached to the original Order in Council showed those banks 4,100 feet apart, about a mile below Hungry Bay to the power house. The banks as being built are 3,300 feet apart. The width of the canal has been reduced to the extent of about 700 feet, I think. At the upper end the original plan showed a canal 1,100 feet wide, I think. That extended for about a mile or a mile and a half from the shore of the lake. The plans are now changed by making that section of the canal 3,300 feet wide which is an increase in width of about 2,200 feet throughout that length. There is another considerable change in the details of the work. The original plan showed embankments—

*By Mr. Morin:*

Q. I would like you to stay at the intake of the canal now. Could you show me the original plan annexed to the Order in Council so that we can show the change that was made. That was the original plan of the intake?—A. Yes, sir.

Q. And you say there is 3,000 feet.—A. Northward and downstream.

Q. Well, you have something to do to protect the current on the St. Lawrence?—A. I have studied the matter and I have proposed a solution for the difficulty which, of course, we have incorporated in the report which we have made to the Prime Minister and which I understand I am not to reveal at the moment, so I cannot describe what we have to do to counteract.

Q. Do you know the reason why the company did that?—A. The company shifted their canal in order to get away from some rock which they would have had to encounter of shallow depth in their undertaking. The rock, for some distance south or easterly from Hungry Bay, is close to the grade level of the canal, and they would have had to excavate a little rock if they had stuck to the original location instead of the softer material which they are able to get away with in the present location. They did that to cheapen their construction.

Mr. MORIN: You will file this plan, Mr. McLachlan, as exhibit No. 31. I think I will have to wait until we can get an answer about this report.

The CHAIRMAN: Try to get on with something else. The Prime Minister is speaking in the House of Commons at the moment.

*By Mr. Morin:*

Q. Now, Mr. McLachlan, I understand that no plans for remedial works have as yet been submitted to the department for approval.

Mr. MONTGOMERY: Which department now?

Mr. MORIN: The Department of Public Works for approval.

Hon. Mr. MACKENZIE: He is not in the Department of Public Works. He does not know.

Mr. MORIN: I suppose it is admitted.

Hon. Mr. MACKENZIE: Ask Mr. Hunter that.

Mr. MORIN: It is a preliminary question. He told us there were no plans.

Hon. Mr. MACKENZIE: That is alright then.

Mr. MORIN: I am going to ask him another question based on that assumption.

Hon. Mr. MACKENZIE: He cannot tell you what the Public Works Department got.

*By Mr. Morin:*

Q. Do the plans for remedial works to be built in the St. Lawrence river have anything to do with the quantity of the diversion of the water?—A. Oh, yes, they have.

Q. They do. Will you please explain to the committee?—A. According to my view of the form these remedial works should take, if I were passing these remedial works I would have to know in advance what the diversion was that was to be compensated for.

According to my view of the form these remedial works should take, if I were designing these remedial works, I would have then to know what the diversion was which was to be compensated for; because, though that may not be an absolutely rigid and fixed rule that you must know the diversion before you can design the remedial works, you certainly must know the diversion before you can design them economically.

*By the Chairman:*

Q. What you mean is the total diversion?—A. You must design your remedial works for a set diversion.

Q. You know it was 40,000 feet?—A. Yes, there is a best way to design the works for 40,000; but if it was to be 100,000, you would have to design the works for that.

Q. Who suggested it was to be 100,000?—A. That is what I suggested in my answer. There has been a suggestion for 53.

Q. There is something more than a suggestion for 53,—that has been a fact?—A. Yes.

Q. So that your remedial works of necessity would be designed for a 53,000 feet second?—A. If that is to be the design there is no difficulty to design remedial works. But it would be foolish to design remedial works, for 53,000, if a year afterward somebody made it 100,000.

*By Hon. Mr. Mackenzie:*

Q. That would be a good reason for withholding the design?—A. I think a very good reason.

*By Sir Eugene Fiset:*

Q. When this diversion at the end of the Canal was embodied, in what plans were they embodied, in what general plans, the plans submitted in 1929 or the plans submitted in 1930 with the full approval of the Engineers of the Public Works, do you know?—A. The plans that were submitted with the original application showed the centre line of the Canal and showed a varying width.

Sir EUGENE FISET: I know that.

Mr. HELLMUTH: We cannot hear the witness.

The WITNESS: I was saying that the plans submitted with the application showed the centre line of the Canal and showed a varying width; at the upper end 1,100 feet, and further down 4,100 feet; it also showed a channel 500 feet wide on the bottom for navigation through the greater part of its length. At the upper end it showed it wider, I think about a thousand feet in the bottom. 1,100,—1,000 feet, I guess. I do not quite understand the question. Do you want to know whether that was the work that we contemplated?

*By Sir Eugene Fiset:*

Q. The plan attached to the Order in Council showed exactly the lines which you have just defined. When the company decided to move that 3,000 feet north, were a new set of plans submitted to the Department of Public Works?—A. Oh, yes.



Q. Was this done with the approval of the Engineers of the Public Works?—  
A. My answer to that is this: They were submitted to us also. There was a letter received by me from the Chief Engineer of Public Works saying these plans were received and asking me if I would look them over and advise him when I would be ready to discuss them.

*By Hon. Mr. Mackenzie:*

Q. Was that in 1929 or 1930?—A. I will give you the date.

Hon. Mr. MACKENZIE: They were not approved, anyhow.

*By Sir Eugene Fiset:*

Q. I want to find out if they were shown those plans?—A. They were submitted to me under date of August 26, 1929, and I wrote to the Chief Engineer of Public Works on October 5, 1929, to say that I have examined the plans submitted by the Beauharnois Company and am prepared to discuss the plans and power works proposed, but I will not be able to discuss the river works for some time, as my office is occupied with the international section of the St. Lawrence River.

Q. Is that the only letter which you have written in connection with the matter?—A. I would not say that. Subsequently to that a meeting was held in my office with the committee of engineers present when we went over these plans and discussed them between us and agreed upon a certain line of procedure; and subsequently to that meeting another meeting was held, on March 19th, 1929,—wait until I see. I might have the wrong date there. The meeting of the inter-departmental committee of engineers was on the 16th October, 1929; that was about ten days after I wrote to say I was ready. And then I met the Beauharnois Engineers on December 18th, 1929, and I registered, as one of the spokesmen, the objections to these plans which they had filed.

*By Hon. Mr. Mackenzie:*

Q. At that time did the plans then show the moving of the entrance northward?—A. Oh, yes. I also objected to the width between embankments. I had held, for some time previous to that,—in fact I had held previous to the writing of the original report and also between the time the original report was signed and the Order in Council was passed, that these banks should not be more than 1,300 feet apart.

*By Mr. Morin:*

Q. Why?—A. For quite a number of reasons which I can outline if you wish.

Q. Please outline them.—A. Well, in the first place, if you regard the plans as being for 53,000 c.f.s. and no more, then I object to the flooding of the extra 2,000 feet of land for the whole length of 14 miles, because it is not necessary to convey that amount of water, and that flooding of land does damage both to the local territory, in withdrawing it from agriculture and from activity, and also I regard it as serious, it is a serious injury to the over-all potentialities of the St. Lawrence, with regard to its length of navigation season, in that with the flooding of that 2,000 feet of land, which would be somewhere around 3,000 acres, would reduce the length of the navigation season out of Montreal to the extent of a third of a day, as I stated it in a letter to Mr. Cameron in August, 1929. Subsequent computations do not change that. That is one objection.

*By the Chairman:*

Q. How would you use that third of a day?—A. That is quite an intricate question and very difficult, perhaps, and hard to understand, an engineering question.

Q. Is it a purely technical engineering problem?—A. I would say it is a problem which a physicist should check me on. Just to give you a glimpse of what the problem involves, it is this: Due to the exposed water surface between Brockville and the foot of the Lake St. Peter, where the ice forms, we lose twenty-four days in navigation, due to the exposure between these points, which consists of some 230,000 or 240,000 acres,—that gives you a little idea.

As a matter of fact, I will just state the problem very briefly; although I have a memorandum which was circulated to the other members of the Board of Engineers last fall, when we were considering this question, which I will file **as an exhibit, if you wish.**

The CHAIRMAN: I think you had better file that.

The WITNESS: I will file that.

(Memorandum filed, marked Exhibit No. 32.)

*By Hon. Mr. Mackenzie:*

Q. Is that part of your report?—A. No, it is not part of the report, but it was filed as an exhibit dealing with the physical problem.

*By Sir Eugene Fiset:*

Q. Did the others with whom you consulted agree with you in your contentions?—A. Oh, absolutely they did agree with me in my contention. And also, for the information of the members of the American Section I circulated it to the Assistant of Chief Engineers in the United States, and to others who might be interested in the problems.

Q. Did the other engineers of the Public Works Department agree?—A. I do not know what their attitude was, but I have talked it over and gone very thoroughly into it with the other members of the committee.

I have another diagram which might be interesting. Some of you might wish to look at that. I have accumulated six years' records of temperatures up and down the St. Lawrence River, and if you look at that diagram you can see, roughly, this red line is the temperature of the water surface at Three Rivers; and it is repeated, roughly, for each year.

That blue line is the temperature of the water at Kingston; and the green line is the temperature of the water at Ogdensburg. So you can see how it is that the navigation at Montreal terminates about the 4th December. You can see how it is that a ship is prevented from navigating from Montreal after about the 4th December, while a boat is able to operate, say, between Kingston and Brockville as late as the 28th of December, on an average year.

That shows a series of records of water temperatures that have been accumulated over a period of six years at considerable cost.

*By Hon. Mr. Mackenzie:*

Q. Did your Department do that?—A. Our Department did that. And these records have been carefully meaned, and the mean curve representing average conditions is plotted on that exhibit which is filed.

The physical condition that is revealed is this: As the water flows down from Brockville through Lake St. Peter the air is about 12 degrees cooler than the water, as an average, during its passage the fall of snow and other things increases that difference so that there is a difference of about 15 degrees during the passage. If you extend the water surface, you undoubtedly shorten the time of navigation at Montreal.

*By the Chairman:*

Q. By how long a time?—A. It depends upon the land flooded. 11,000 acres, according to that exhibit which is filed, will reduce the season out of Montreal to the extent of one day, provided there is no increase in the volume. Actually, I might say that in the international section this has become a very important point.

Q. Can you tell me this, if you know,—you need not speculate. Why did they change the width of the canal, what was the reason? There must have been a reason?—A. Yes, certainly, there was a reason; but if I tell you the reason that is in my own mind, it would be imputing a motive to another.

Q. Was it a sinister motive?—A. No, I do not say it was sinister.

*By Hon. Mr. Mackenzie:*

Q. Was it possibly done for the purpose of getting more power?—A. There could be no other reason. I want to state this, in connection with this matter, I am not bringing this up because I want to.

The CHAIRMAN: You have not brought it up.

The WITNESS: I have not made this study, at great cost to the Government, with the idea of embarrassing the Beauharnois Company.

In this case, this damage through flooding of the extra land would be worth about two and a half million dollars say ten or twenty years from now. It would not be worth that now, but it will be twenty years from now.

*By the Chairman:*

Q. If the land was used for another purpose?—A. The fact that it was withdrawn from agriculture would not; but the fact that it was shortening the time of navigation. The loss of a day, when capitalized, is worth \$6,000,000. And when I am claiming that, I have put those totals in the budget on either side; that is only one question and it is not an important one and should not be magnified.

*By Mr. White:*

Q. You would not say \$6,000,000 was a trifle?—A. No, but it does not assume great proportions in this case, but when I am asked for my objections, that is an element and that is why I say the Canal should not have been built as wide as it is.

*By the Chairman:*

Q. Assuming that the Canal is built with the width as disclosed in the subsequent plans, and there is only a small portion of that that is done to the depth of 27 feet, is it?—A. Yes.

Q. How wide is that 27 feet?—A. 600 feet in the bottom, but pretty flat slopes, three to one.

Q. And there is an overflow?—A. Over 2,000 feet.

Q. How deep would the water be at the upper end?—A. About two and a half feet, and when the ice formed it would have only say a foot under the ice.

Q. Even with the overflow increasing the water surface, do you think that would affect the date of navigation in Montreal by a day?—A. No, about one-third of a day.

*By Mr. White:*

Q. And that is \$2,000,000 capitalized?—A. Yes. There is another thing, that is a small objection but you have asked me to state all my objections, I think, did you not?



Mr. MORIN: Yes, sir.

The WITNESS: All my objections to these plans. I have stated one of those, and assume—

*By the Chairman:*

Q. Before you go to the next objection, is there any other reason you can think of why they should have widened the canal wider than the original plan contemplated, other than the hope that the Government of the day, whoever it might be, might agree with them to dig the canal?—A. Oh, yes, they got a little advantage. The flooding of that land, even to the depth of two feet, and a greater depth down below, they do get some benefit from it. Of course the flow in the shallow section of flanking water would be very slow; it would vary as the square root of the hydraulic radius. You can figure out the use which they will get from that flooding of the land in the upper six miles, but it is very small compared to the damage they have done to navigation, and is also small compared to the cost to themselves of the land that they had bought presumably for that purpose or taken away from agriculture for that purpose.

In the lower eight miles, that is not so. They really have derived as much benefit from flooding the land as they have done injury to navigation, pretty near; and I would not recommend now that anything specially be done in the lower eight miles of that canal. They have derived some benefit, at least something over a million dollars of benefit, from the extra land that they have got, that is the extra section of the canal which they have free of cost other than land; and it would be unwise now, at this late date, to move the bank in where it should have been in the first place, because the ultimate cost would be very great and the benefit would be small; so that there is nothing to be done about it.

*By Hon. Mr. Mackenzie:*

Q. Mr. McLachlan, may I ask you a question: There have been very interesting theories in regard to water development since you made the report. Have you discussed the theories at all with Mr. Cameron or Mr. Cote or Mr. Johnston, who were with you in this report?—A. Oh, quite fully. Up until the time I was asked to call a Joint Board of Engineers together, I kept Mr. Cameron informed of anything that I thought was of use or value to him in passing the Beauharnois plan; and I have written him three memoranda, that I can think of, in connection with this matter, laying matters before him that I thought would assist him in coming to a conclusion as to what he thought should be done in regard to these works.

Q. Did you discuss them with Mr. Cote or Mr. Johnston?—A. Oh, yes, at the meeting we had with them I went over these things with them.

Q. I mean since the meeting and since that Order in Council?—A. Yes, since the Order in Council, I would say we have had at least three meetings, that I can recall, of all the committee, dealing with these matters.

Q. Did any of them or all of them agree with the views you are presenting to the committee now?—A. I have thought that they agreed with them or at least were willing to take my word upon the question; and they certainly agreed to put up to the Beauharnois Company engineers the request that they narrow their canal to 1,300 feet between the waterlines, from one end to the other. But when we met the Beauharnois engineers, I stated the reasons why we could not approve of the wider canal, which has since been built.

*By the Chairman:*

Q. The wider canal was first shown in the second general plans filed?—A. The wider canal was shown in the very first plan filed.

*By Mr. Montgomery:*

Q. The first plans were 4,100 and were reduced to 3,300?—A. That is a point perhaps which you would want to get information upon. Before the first Committee's report was made, in writing, I put in writing the danger of building this canal very wide or building this canal with banks far apart. I put it in writing and placed it before the sub-committee of the Cabinet. This matter was brought up in connection with the first committee's report. This may not be admissible evidence; it may be objected to.

Mr. MONTGOMERY: Do you want us to object?

The WITNESS: I do not care what you do, I had a clause in it dealing with this matter.

Mr. MONTGOMERY: I do not know, of course, how much your committee is interested in this matter.

Mr. WHITE: You notice the readiness with which my learned friend agreed to the suggestion to object.

The WITNESS: That was regarded as a matter of detail, we were told. There was a certain view expressed that the 600 feet width of the channel at the bottom was a matter of detail and should be left to the detailed plans. And also it was suggested that the width of the canal from end to end should be taken out and dealt with on the detailed plans when submitted. That discussion caused us to take out one clause and leave the other in, the clause insisting upon the channel provided for navigation being 600 feet wide I left in. The clause which deals with the width which was to be permitted on the waterline was taken out; it was considered that that was a matter which should be dealt with after discussion with the Beauharnois engineers, and I was quite content that that should be so.

In case my position may be thought to be prejudiced in this matter, between the time the committee's report was signed and the Order in Council was passed, I met at Mr. Cameron's office Mr. Brown, one of the engineers of Beauharnois Company and stipulated that the canal should be only 1,300 feet on the waterline—there was another meeting, I met the Beauharnois engineers a little while after the Order in Council was passed, in my office, in which again I insisted that this canal should not be wider than 1,300 feet, and I thought the Beauharnois engineers were satisfied. Perhaps it was more strongly my views than those of anybody else at that time. I also wrote Mr. Cameron on July 6th, 1929, expressing the opinion that we should not make the banks more than 1,400 feet from centre to centre, that is 1,300 feet at the waterline. You will find on the records proof of the statement I am making.

*By Hon. Mr. Mackenzie:*

Q. You accept the responsibility of the report which you signed?—A. Certainly, sir.

Q. You could not do anything else?—A. But I am just saying that the objection which I had to the great width of the canal existed before the Order in Council was passed and existed after the Order in Council was passed, and it has continued right up until we made this report last December which is now in question, as to whether it is a privileged document or not.

*By the Chairman:*

Q. In January, 1929, you, Cameron, Cote and Johnston made this report?—A. We did, sir.

Q. And did you have before you, when you were making that report, a copy of the Beauharnois plans?—A. Yes, we did.

Q. And did those plans of the Beauharnois which you had before you show this wide canal?—A. They did, sir, throughout the greater part of the canal.

Q. When I say this wide canal, I mean the wide canal which is being built.  
—A. Yes, there has been a reduction of 700 feet.

Q. I mean the overflow.—A. Yes.

Q. The plans showed that?—A. Yes, they did.

Q. And if I read this report correctly, you approved of that scheme?—  
A. That is not what we understood we were doing. What we understood we were doing was just that it was going to be subject to modifications that we might ask. If you read Mr. Geoffrion's statement in the hearing—

Q. Here are the conclusions, and you had when you made this report the plans of the Beauharnois which showed the top of the ditch and the overflow to which they are working now?—A. Exactly.

Q. And your conclusions, with that plan before you, were these:—

Having regard to the application under The Navigable Waters Protection Act, now under consideration, your committee are of the opinion the site and works proposed in the plans and application filed by the said Company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the Company. . . . .

A. That is right.

Q. And it proceeds as follows:—

And, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the same conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the Government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

Now then, do the conditions which you have attached to this report suggest or demand that this wide canal be tied into a narrow ditch, or do you—A. It was our intention to impose those conditions.

Q. Do the conditions which you attached contemplate it?—A. We did intend to impose that condition.

Q. Show me where.—A. It is only under that plan where the detailed plans were to be subject to our approval.

Mr. MONTGOMERY: It is not your approval.

Mr. WHITE: Section 11 of the Order in Council.

The WITNESS: There is a clause there which says they must come back with their plan to us or to somebody,—to us. There was a provision that the company should not commence the construction of their works until detailed plans of construction and all necessary information respecting their works have been submitted to and approved of by federal authority. And we were told we would have a chance to settle that after we had consulted with the Beauharnois engineers.

The CHAIRMAN: That is section 11 of the Order in Council:—

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by Federal authority.

Frankly, Mr. McLachlan, speaking purely as a layman, if I had that report plus its conditions placed before me, and in addition the plan showing this canal of the width that the plan contemplated, I would never draw from those conditions in paragraph 11 that you ever intended to impose any such major change in working out the details—that is the way it strikes me.



The WITNESS: I think you perhaps have quite a good view in that regard; but it is a fact, nevertheless, and I have checked back on all the things which were written from the date that that report was signed right up until the last meeting we had with the Beauharnois engineers, and I tell you that I was under the impression that we had that right to impose that detail; and the clause dealing with that was in the original draft report and was taken out because it was regarded as a matter of detail, and we were told that they had to come back for the change anyway and they might as well change that at the same time. I take full responsibility for my stupidity, sir, in signing that report under those conditions; but that is the situation.

The CHAIRMAN: That is all I want to ask.

The WITNESS: I was going to say one other thing. You asked my objections to this plan. Now, after I went over the work last summer, I felt that conditions under which these plans were being constructed, the general nature of the material and the width of it, and the material that was going into that work, that there really ought to be control structure put in at the upper end of the canal at the outlet. It is a matter of quite serious importance, and I have to admit that in the report we made we did not think at that time it was necessary. I think it is necessary to-day.

*By the Chairman:*

Q. As time went on then, and it became apparent to you that the Beauharnois Company were going to work to those plans, having in contemplation a wider ditch, did you complain or advise your superiors that the wider ditch was not satisfactory to you as an engineer of the department?—A. Oh, yes, yes.

Q. Whom did you advise of that?—A. I advised Mr. Cameron, Chief Engineer of Public Works.

Mr. JACOBS: He is not your superior.

The WITNESS: In this case he was; I regarded him as my superior.

*By Hon. Mr. Mackenzie:*

Q. Was he the chairman?—A. He was not chairman; I was asked to assist him, to give him the benefit of my knowledge of the proposition.

The CHAIRMAN: Perfectly right.

The WITNESS: I gave it verbally to my immediate chief in the department; I do not recall that I did it in writing.

Q. Who is your immediate chief?—A. Col. Dubuc, who is Chief Engineer.

Q. You felt, and I think probably properly so, when you had called your immediate superior's attention to this matter that that was the end of it?—A. Yes.

Q. You do not know what they did?—A. I do not know what they did. You asked me to deal with the objections to this. Now, I have dealt with two or three—I dealt with three objections. Now, if you conceive these plans are being built to divert the whole St. Lawrence river, or nearly the whole St. Lawrence river down between those banks, of course—

The CHAIRMAN: The whole St. Lawrence river, even with the amended plans, could not get out through either of the ends of the canal?—A. If the material between those banks is excavated to 27 feet, it will carry about 180,000 cubic feet per second. But they will have to build more power houses down there.

Q. Now, Mr. McLachlan, you seem to conceive the idea, whether consciously or by accident, that the Beauharnois company are going to drain the St. Lawrence river sooner or later.—A. Well, of course—

Q. Can you enlighten us how you come to that conclusion?—A. Well of course, their original prospectus spoke of it, and the original application spoke of it.

Q. We have not arrived at that yet.—A. The original—

Mr. WHITE: What is that?

The WITNESS: The original application visualizes that kind of thing.

Mr. WHITE: The application for authority, which was later modified on the suggestion of Mr. Geoffrion at the hearing before the Minister of Public Works.

Hon. Mr. MACKENZIE: Pardon me one second. The application said it is proposed to divert the full flow of the St. Lawrence river between Lake St. Francis and Lake St. Louis.

The CHAIRMAN: Is that the original application?

Mr. MACKENZIE: The original application.

The CHAIRMAN: That was turned down.

Mr. MORIN: It was modified by a second application and by Mr. Geoffrion saying "We are going to build a 40,000 cubic second feet—"

The CHAIRMAN: That is recited in P.C. 422.

Mr. MORIN: Yes.

Mr. MACKENZIE: At page 5.

Mr. WHITE: That is what took place at the public hearing before the Minister of Public Works on the 15th January.

The CHAIRMAN: In the light of what Mr. McLachlan has said, and in the light of what he obviously has had confirmed in his own mind, it becomes interesting. The application first contemplated the diversion of all waters of the St. Lawrence river.

The WITNESS: Yes.

Mr. MONTGOMERY: With the exception of existing water powers.

The CHAIRMAN: Then, that being objected to, the application is amended as shown on page 6 of 422; is that right. What they asked for in the original application is abandoned, and this is substituted: "The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which would be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—"

The WITNESS: Yes.

Mr. MORIN: Do not forget, Mr. Chairman, that the prior plans called for the whole overflow of the St. Lawrence river, and that at the time the plans were made, the width shown was 4,000 feet, and when they came before the council their application was for the whole overflow of the St. Lawrence,—they modified their application, but they did not modify the plan.

The CHAIRMAN: I am coming to that. The application is modified, as I have been reading it, "from Lake St. Francis to be returned to Lake St. Louis and used for power purposes by the company between those two points, and any condition that the government may exact, in any wording satisfactory to the government, involving that limitation, is accepted in advance by the applicant." There was a degree of confidence there that is almost surprising. "If the engineers think that the plans should be altered to meet this declaration, the company will submit to any such alteration." Now then, that is what amended plans?—A. Yes, exactly.

Q. The Beauharnois company went ahead with a construction which obviously contemplated either in the near or distant future the diversion of the whole of the River St. Lawrence?—A. Exactly.

Q. That is right?—A. I would say so.

Q. That is the only construction you can put upon it?—A. The only construction, yes.

Mr. WHITE: Then, Mr. Chairman, there is the last sentence in the alternative on page 6, which in view of what is now said, is probably important.

Mr. MONTGOMERY: The plan submitted for approval was 40,000 feet, 4,000 feet wide and 40,000 feet diversion.

Mr. WHITE: The plan?

Mr. MONTGOMERY: That is my understanding.

Mr. WHITE: You may be right. I thought the plan did not say what the diversion was.

Mr. MONTGOMERY: We will check that.

Mr. FORSYTHE: There is a plan of the St. Lawrence, and here is what the plan says.

Mr. MORIN: This plan must be read in conjunction with the original application because they have constructed a power house for the diversion of 40,000 feet.

The WITNESS: Now Mr. Chairman, I was asked to state my objections to the plan. I should like to state what my objections would be. If you visualize the whole river going through between those banks—

Mr. MONTGOMERY: We are not dealing with that now.

The WITNESS: I do not know. It makes a big difference to me. I have some very serious objections to the plans.

The CHAIRMAN: Let us have your objections, supposing the whole river was turned through that canal.

The WITNESS: Supposing the whole river was turned through that canal, then you have this condition: you have to introduce the deep water way between Lake Ontario and Montreal through this section, and you have to provide for the building of locks at Melocheville. A canal with a channel 600 feet is quite satisfactory with regard to width. It is parallel—

The CHAIRMAN: Would not the present locks that they are going to build in connection with the present work—

The WITNESS: In building the locks in connection with the present work it is convenient to build the locks in one end. Now you have a channel 600 feet wide running through that power canal which is 3,300 feet wide at water line, something less at the bottom; you have a velocity there in the canal  $2\frac{1}{4}$  feet a second. You have two bridges in the upper end of the canal which are located in parts of the canal where the floor of the channel is hard pan and gravel, firm material. Now on the front of each ship as it comes down, these bridges must open. If you think of that in comparison with other waterways that you use for like purposes, you immediately think of say the St. Lawrence opposite Three Rivers or the St. Lawrence opposite Sorel, where you have a velocity of about the same as in the Beauharnois canal. You have navigation carrying 9 or 10 billion tons passing through in large boats. Well, I ask you what would the people using the port of Montreal think to-day if somebody chose to introduce two draw bridges in the section of the St. Lawrence river that have to open in front of the ships? I am sure they would not consider that for a minute. They would say it is dangerous. Why, it would be a terrible restriction to put on the waterway. Similarly, supposing at Detroit where the velocity is very much the same, and the width of the channel very much the same, and you have Great Lakes boats plying through the waterway with very heavy traffic all the time. Now, at the Detroit river, as you know, they have built a tunnel lately costing \$20,000,000 and they have built a bridge costing a similar amount, a bridge to



get above traffic, 137 feet in the air and a tunnel to get below it; and anything in the way of a draw bridge in this unit of the waterways would be a very serious matter. In these plans and in these reports that we made with the Chief Engineer of Public Works and other engineers mentioned there, we realized that that was quite a serious matter. We did not know for some time what we were going to do about it, and finally, if you—

The CHAIRMAN: Didn't know what?

The WITNESS: If you will read the report you will see we introduced a 1,200 foot crib above each bridge in the expectation that boats will be able to go astern and tie up the crib in case of trouble. You will see in that report that we thought navigation should be satisfied with that. All right. Now, I signed that. That is fine. But I know in my heart if there is any trouble over that thing, and the flow is only 40,000 second feet, I can, by spending \$300,000 in enlarging the channel above each bridge, for a mile, reduce the velocity down to a mile an hour, and in that way I would get conditions similar to those that we now have to contend with in our canals, and I will cut down the velocity so that we will be able to tie up the boat to the cribs and be able to control it to a sufficient extent—

The CHAIRMAN: If the present plans are not satisfactory—

The WITNESS: I can—

The CHAIRMAN: You know that with a comparatively small expense you can rectify the matter.

The WITNESS: Yes, certainly. I did not write that report, and I did not want to act—

The CHAIRMAN: Why did you not do that in the first place?

The WITNESS: Enlarge it?

The CHAIRMAN: Yes.

The WITNESS: Why do something until it is shown to be necessary; why spend money until you are sure it is wanted and absolutely needed? I mean to say, I think it is good economics not to spend money until it is demanded. If you get a certain number of navigation people who are not satisfied with a 1,200 foot crib above these bridges, we can rectify at a reasonable expenditure.

The CHAIRMAN: Does it endanger anything as it exists?

The WITNESS: Of course, there is a danger existent, no question.

The CHAIRMAN: The way it is now?

The WITNESS: There would be some danger, certainly.

The CHAIRMAN: That is the idea you had in mind when you say there is danger if a boat gets away—

The WITNESS: Yes, there is danger.

The CHAIRMAN: The expenditure of another \$300,000 now would probably save a boat worth twice as much.

The WITNESS: Yes. The difficulty is, as the flow increases it magnifies your difficulty, we are dealing with a situation which probably increases by that square of the diversion, because you have to increase the length dealt with—you have to enlarge and increase the width and the length, if you attempt to deal with the condition of the whole St. Lawrence river going through a canal like that. I do not know where we would land in regard to expenditure when you consider a project for a full diversion. We really cannot seriously contemplate sending deep navigation from Lake St. Francis down that particular project. I know in my heart that we will have to put in a guard lock at the upper end, and build a separate canal from there to below the second bridge to Lake St. Francis—

The CHAIRMAN: Where would you construct them?

The WITNESS: Well—

The CHAIRMAN: You mean a whole new canal?

The WITNESS: Yes, if you divert the whole St. Lawrence river through this canal, build a separate canal somewhere up here (pointing on map) and putting the lock which will act as a stop for the current in the canal.

The CHAIRMAN: That canal should have continued down in an easterly direction right into Lake St. Louis?

The WITNESS: No, I would go in around that point there (indicating). I would say six miles or a little less, of the power canal could be used.

The CHAIRMAN: Did you consider this as a project to divert the whole St. Lawrence river?

The WITNESS: Undoubtedly we will be forced to adopt such a scheme as I described.

The CHAIRMAN: Why?

The WITNESS: I would not—because you cannot put a boat—

Mr. MORIN: A little louder, please.

The WITNESS: Because we cannot put those boats through those draw-bridges with that velocity, and with a hard floor you cannot drop an anchor to stop them. I do not want to put myself into an irredeemable position. I am not going to throw my professional reputation in this country into a position where I cannot extricate myself if it does not work; I want to leave a gate open.

The CHAIRMAN: Can you give us any further objections?

The WITNESS: Yes, I will give you further objections. We will consider what I have given as the first ground which I have urged most strongly from the beginning against the Beauharnois undertaking.

Mr. STEWART: What is that?

The WITNESS: This is the strongest ground I have urged. This is the first ground and strongest ground that I have urged against building this canal by the Beauharnois engineers, and it is this: I would consider it would be suicidal from a power point of view to attempt to develop the whole power resources of the Soulanges section in one single canal running from Lake St. Francis to Lake St. Louis.

Mr. STEWART: Why?

The WITNESS: For this reason: In the fall of the year ice forms in those canals and rivers, quietly and smoothly, if the water is flowing as slow as 1.4 feet a second. In this particular canal it is supposed to run  $2\frac{1}{4}$  feet a second. That is nearly twice as fast as it is in the St. Lawrence river. You have a velocity there, and you hardly know what is going to happen, whether the ice is going to telescope underneath and form a jam or not. Now, in the International section which I think is about 15 miles long or something like that, we cannot get away from such conditions between Prescott and Morrisburg, it is proposed by the Joint Board of Engineers that we spend \$40,000,000 to make the channel deep enough to carry water at a little less than  $2\frac{1}{4}$  feet a second. Now, you have at the foot of this canal a series of big power plants, tied up with industrial and domestic loads of this county, and they must deliver power every day in the year. You are in the position where you want the flow of water all the time. When the water gets cooled to zero an ice covering forms; you have to do something in order to get a smooth ice covering, otherwise you are likely to have a jam.

The CHAIRMAN: You have all the eggs in one basket.

The WITNESS: You have all the eggs in one basket. Not only that, but conditions there are ideal for a jam, because the shores are parallel; it is not like a crooked river, which helps to hold the ice. The shores are parallel, and not only that, but you have a power house that will tend to form conditions in your head race which would break it away from the two shores, and all you have to keep the ice is resistance at the head of the cover, whatever it may be.

The CHAIRMAN: Then, your idea is, as I take it, from what you have been leading up to, that instead of having all the St. Lawrence go into one big power house, the water should be diverted through several channels to several independent power houses.

The WITNESS: Absolutely.

The CHAIRMAN: Each tied up with the other, if necessary.

The WITNESS: Yes.

The CHAIRMAN: So if one goes out of commission the others can take the load?

The WITNESS: Yes.

The CHAIRMAN: And it could be controlled from one central power station.

The WITNESS: Ice conditions could be controlled by throwing the load from one to another.

The CHAIRMAN: I suppose, in addition to that, if an electrical storm comes up, the different plants could take the load.

The WITNESS: I do not think there is much in that.

Mr. JACOBS: This is power transfer.

The WITNESS: Yes, I am talking of power transfer, I am certainly talking of power transfer.

Mr. STEWART: You say you get a level covering of ice; would you get that with the power going through one canal?

The WITNESS: If I had the river diverted?

Mr. STEWART: Supposing you had three canals.

The WITNESS: Yes?

Mr. STEWART: You would get it all the way through?

The WITNESS: Yes, I would get it. The ideal condition would be to have a development of say 500,000 at Beauharnois and the running power in other plants in the river.

Hon. Mr. CANNON: One moment. In view of the fact that the witness has just said that he was talking of a power scheme, and seeing I represent the province of Quebec, I would like to say that this evidence is being taken after objection has been made on behalf of the province. seeing that the province contends that power comes within its jurisdiction, and its jurisdiction alone.

Mr. MORIN: You raise reservations?

The WITNESS: I might say this as an explanation, The Cedar Rapids plant is in the centre of the section, and it, of course, is up against this ice difficulty. In the winter time these plants operate at about one-half the capacity of what they do in the summer. Well, they sell one-half of this load for electrical chemical use; they export one-half of the power to Massena and as you know power used in such a way is not well used, and it is something that we should not do; it is not much good to you. I think it is wrong conservation, the conservation principle is wrong. Now, I do not know whether I have covered everything or not.

Mr. MORIN: Now, Mr. McLachlan, I suppose the people who have to use this canal from the point of view of navigation are entitled to stop along the banks. How can they go on the south sides of the canal in shallow water of two or three feet.



Mr. STEWART: What is your question?

Mr. MORIN: I understand, Mr. Chairman—

Mr. LENNOX: He has not answered your question.

Mr. MORIN: I understand that the Government is entitled to wharves along both sides of this canal. You have a canal 3,300 feet wide. Your canal is 600 feet and then you come into shallow water. You have 2,700 feet in shallow water to go to the wharf on the south side; you understand that.

Mr. McLACHLAN: Now, Mr. Morin, you know—I will tell you I have a little hesitation in dealing with that question, and will tell you why.

The CHAIRMAN: What kind of boats are you referring to?

Mr. MORIN: Any kind of boat.

The CHAIRMAN: How are they going to float in  $2\frac{1}{2}$  feet?

Mr. MORIN: That is what I want to know.

Mr. WHITE: You see what Mr. Morin is referring to is this; you remember that the other day going through the file of the Public Works Department there was an application for approval of the site of the wharves which was to be conveyed to the government, and these wharves are situated on either side of the canal, so that we have the actual situation of the approval of the sites of the wharves in the shallow water through which no boats can go.

Mr. MORIN: Unless the Government dig a channel themselves.

Mr. WHITE: For those boats. The inference being that what is contemplated is a deepening of the canal to 27 feet for its whole width.

Mr. JACOBS: The Beauharnois people agreed to do that, didn't they? In their agreement they are pledged to that to the satisfaction of the department.

Mr. WHITE: Do what?

Mr. JACOBS: To build a canal.

Mr. WHITE: Only 600 feet. They are not pledged.

Hon. Mr. MACKENZIE: Under the present construction of the canal, they are not to put any wharves on the south side.

Mr. WHITE: As I understand the situation now, approval has actually been put by the departmental engineers on the site of these wharves.

Mr. GARDINER: On the south side?

Mr. MORIN: They have accepted wharves right in that field.

The WITNESS: I do not believe it is proper to ask me to deal with that particular question of those local wharves, for this reason: Local wharves throughout the St. Lawrence are distinctly under the Department of Public Works and I have no official duty to report upon them, or to discuss their value, or utility or workability, or anything else.

The CHAIRMAN: It is difficult for anyone to appreciate the value of some of the wharves that have been built.

The WITNESS: I think you had better excuse me on that question. I would like to give testimony only on something on which I have an official duty.

Hon. Mr. MACKENZIE: We will get it from Mr. Cameron.

Mr. JACOBS: I move the adjournment of this committee until Tuesday morning at 11 o'clock.

The Committee adjourned at 5.05 p.m.. Friday, 26th June, 1931, to resume on Tuesday, 30th June, 1931, at 11 a.m.



HOUSE OF COMMONS, ROOM 268,

TUESDAY, June 30, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon, presiding.

Appearances:

Peter White, K.C.; Louis Morin, K.C.; B. H. L. Symmes, for the Committee.

G. H. Montgomery, K.C.; L. A. Forsythe, K.C.; I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

The CHAIRMAN: Well, gentlemen, I guess we can start.

Mr. WHITE: Mr. Symmes, Mr. Chairman, appears with me this morning for the first time.

I understand I am to continue the examination of Mr. McLachlan.

The CHAIRMAN: Yes.

DUNCAN WILLIAM McLACHLAN, examination continued by Mr. Morin.

*By Mr. Morin:*

Q. Mr. McLachlan, I have referred to the Order in Council 422, at page 13, and I find the condition No. 5 to be this:

The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of The International Joint Board of Engineers Report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

Now will you state if you have found that the embankments were being constructed according to this condition?—A. At my visit to the work on the 4th August, 1930, I found the embankments were being built in a manner which I will try and describe. A small section which would conform to one of the sections shown in one of the sections shown in our Board of Engineers Report was being thrown up by tower excavators. These tower excavators deposited the material in bucketfuls, one on top of the other, and left a very ragged surface to dry out in the sun; and I did not regard that as being in conformity with the standards of the Joint Board of Engineers.

The standards referred to in the Joint Board of Engineers Report was intended to conform to the Canadian custom in building embankments on Canadian canals, particularly on the Welland, where the material was deposited in layers and compacted with steam rollers as it was built, so that air and water was excluded as much as possible from the section of the embankment.

Shortly after my visit to the works on August 4th, new plans were submitted by the Beauharnois Company, which showed something I did not know



and in fact I did not know that the company contemplated at all using, on my visit on August 4th. It in fact showed two rather loosely thrown up mounds of material, about 200 feet apart, and the interior space was afterwards to be filled in with dredged material.

*By Mr. Lennox:*

Q. You say a new plan was submitted?—A. Yes, a new plan, showing an entirely new type of embankment from that originally submitted, an embankment built differently entirely from anything contemplated by the Joint Board of Engineers Report. I am not condemning the type of construction for their interest, but it entirely changed, as a matter of fact that change is the reason why I said the other day I thought a control structure was now necessary at the outlet of Lake St. Francis. My reason for saying that I think a control structure is now necessary at the outlet of Lake St. Francis is because of the change in the form of constructing these banks, due to the fact that I do not believe this mound of material thrown up in that manner can be depended upon as a retaining wall, you might say, to hold back the construction dredged material. I feel they will have slides, and if they have slides the rip-rap will be carried down below the point where it is now, and if the rip-rap is carried down below where it is now, with the wind and wave action I am afraid it will cut through.

I would introduce a dam at the outlet of the lake, to make sure nothing of a disaster will happen on account of the way these banks are being built.

The introduction of the control dam will force navigation, at some future time when it is introduced in that section, that is deep navigation—my sentence is not complete and I think I will repeat: The introduction of this control dam will force the deep waterway, when introduced, to add a guard-lock besides, in order to pass the obstruction which this control structure will make. At this control structure there may be only three or four-tenths of a drop, perhaps six inches, that could not be passed through except by use of a guard-lock.

I think that is all I have to say about that point.

*By Mr. Morin:*

Q. Do you think it will be possible to construct the guard-lock with the actual canal in use as being built now?—A. No, to construct the guard-lock and to get that entrance into a condition where I think we can navigate it with safety, we will have to force the company to move the intake southerly some distance, not as far as they had it in their original application but at least half way back.

*By the Chairman:*

Q. Half way back to the south?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. About 1,500 feet to the south?—A. As a matter of fact I looked up after my last evidence and it was moved to the north 3,400 feet; it would be a little more than half way back.

*By Mr. Morin:*

Q. Should they retain the width of the canal?—A. I would maintain that there is no need to have a canal more than 1,300 feet at the waterline. That is all I would permit them to have at that point.

*By Mr. Lennox:*

Q. Do you mean to say it is 1,700 feet wider than it is necessary?—A. Yes, I would say so. I might say about that, our Joint Board of Engineers—

Q. What benefit would the Beauharnois Company gain by having it 3,400 feet rather than 1,300 feet?—A. Do you mean having regard to the flow being restricted?

Q. Not limiting it in any way, what benefit would they gain?—A. Of course if they get the whole river they will be saved the necessity of building a bank later on; but if you hold them down to the 53,000 second feet which they now have, they will have some benefit from the fact that the ice when it forms in winter, where the water is three and a half feet deep, will be about two and a half feet deep, so that there will be a section there about a foot deep—

Q. They have the right now to 40,000 cubic feet per second?—A. Yes, sir.

*By the Chairman:*

Q. 53,000, as a fact?—A. 53,000 is the best I can discuss.

*By Mr. Lennox:*

Q. Without anticipating an enlargement of their rights, where do they gain either from a pecuniary or any other reason?—A. I have that figured out. I have figured out what they would gain. They benefit to the extent of \$7.20 per lineal foot of canal; in the upper six miles of canal they arrive at a cost of about \$9.50 per foot for land, and damage to the extent of \$27 per lineal foot, and I—

Q. How does that affect the public?—A. They have spent \$9.60 for the land already; that has come out of their pocket; and they derive the benefit of \$7.60 per lineal foot.

*By Hon. Mr. Mackenzie:*

Q. Would you explain that?—A. No matter how small the channel, no matter how thin it is, it takes care of some water, if there is a slope in the channel; and though the velocity in the main channel may be, say, two and a quarter feet per second, and this may not be more than half a foot per second, you can see that a band of water three feet wide and one foot deep at half a foot a second carries some water; and if you get some water down in that way you do not have to have a bigger channel to carry it by excavation. I do not know whether that is clear or not, but that is the best explanation I can give off hand.

*By Mr. White:*

Q. You mean to say it is cheaper, as you found it out, than to excavate?—A. Spreading it out does not cost anything. I maintain that the building of the canal to the width of 3,300 feet, in the upper six miles of the canal, has cost the Beauharnois Canal Company more than they would derive in the way of benefit. That is my analysis.

*By Mr. Jacobs:*

Q. Two dollars per foot?—A. Yes, \$2 per foot more than it has benefited them, from their own interest point of view.

*By Sir Eugène Fiset:*

Q. When you made your visit there, did you inquire from the Beauharnois people the reason why they were doing this?—A. When I visited the Beauharnois works on the 4th of August, 1930, I presented my card which introduced me as the Chairman of the Joint Board of Engineers, and asked them to appoint someone to take me over the works, which they did.

Q. So that you did not discuss the reason for it?—A. No. I came back to Ottawa and spoke to Mr. Cameron about it, that it was not according to the plan.

Q. Am I right in saying that the date of the last plan was August 22, the plan which you had seen in which they had changed their mode of working?—

A. As a matter of fact I was not shown much in the way of a plan excepting I was taken over the work and saw what they were doing on the ground.

Q. So that when you made the visit, as you said a minute ago that you had seen the new plan submitted by the company?—A. Yes.

Q. When were those plans received,—were they the plans received in the latter part of August, 1930, or were they the plans submitted in 1929—A. The plans I referred to were submitted on the 20th August, 1930.

Mr. WHITE: I thought your visit was the 4th August.

Hon. Mr. MACKENZIE: He said this morning that the plans were submitted shortly after his visit there.

*By Mr. White:*

Q. The plans which you say must have been those submitted in 1929, because the visit was on the 4th August and the other plans were not submitted until the 20th August?

Sir EUGÈNE Fiset: That is what I want to know. We have three plans mentioned, those mentioned in the Order in Council, those submitted in 1929, and those submitted on the 20th August, 1930.

*By Mr. Jacobs:*

Q. These were the plans of 1929. At whose request did you visit the works?—A. Under no request. I got a despatch sent over to me by the Department of External Affairs, which contained the information that the Canadian section had consented to the Joint Board of Engineers re-convening with the American section. Both countries had consented to our meeting immediately with regard to the international section of the St. Lawrence River. I expected to be called upon to meet the Americans immediately, and I thought as a wise precaution I should go down to see what there was in the section immediately below, so that I would be able to defend the work, if it was brought into question.

Q. Because you were somewhat responsible for the work?—A. I had to defend Canada's position in any case. I do not say I was responsible.

Q. At any rate you were not instructed by anybody to go down there?—A. No, I was not instructed.

*By Hon. Mr. Mackenzie:*

Q. You went down there as the Chairman of the Canadian section of the Joint Board?—A. Yes.

Q. So as to be able to advise them when they met.—A. I knew that the American section would want to know what was being done below, and I wanted to see, anyway.

Q. Did that meeting come off?—A. It has not come off to this day. Both countries are committed to the meeting.

*By Mr. Morin:*

Q. Now, Mr. McLachlan, will you give a few words of explanation to the committee about the Montreal Cotton transfer? I understand as a matter of fact that there is a diversion proposed to the canal of about 40,000 cubic feet, and about 12,000 cubic feet by transfer to the Montreal Cotton. Will you explain how that is?

Q. You wish, Mr. Morin, for me to just give a little history of how the thing occurred?



Q. I understand that before this project came along, the Montreal Cotton was getting a few thousand horse-power?—A. 13,000 h.p.

Q. At the Valleyfield dam?—A. Yes.

Q. Will you explain this?—A. As I explained the other day, shortly after the original Beauharnois Canal was built, the Federal Government built a dam across the channel between Grand Island and the mainland at Valleyfield. Later, leases of water-power were granted at this point.

*By The Chairman:*

Q. Who granted the leases?—A. Oh, it began by the original Board of Works, then afterwards the Department of Railways and Canals, when it became separated from the Department of Public Works. There was a whole series of enlargements of the rights given there until just before the Beauharnois project came along they were using about 13,000 second feet, or they had the right to use 13,172 second feet under three leases at that time.

Q. Were the leases from the Dominion Government to the lessees?—A. They were from the Dominion Government to the Dominion Cotton Company and other associated interests.

*By Mr. Jacobs:*

Q. They had those leases for many, many years?—A. Not many at the magnitude that they then stood at; but they had leases of some kind there for a considerable period of time. I could not give it to you offhand.

*By Hon. Mr. Mackenzie:*

Q. Was that before Confederation, do you know?—A. Oh, yes, the first lease was before Confederation.

Q. It took place before Confederation, do you know.—A. Oh, yes. The first lease was before Confederation. I would not want to make that as a positive statement. I cannot possibly remember that now. I will have to look the record up. I would only be guessing at it.

The CHAIRMAN: Never mind guessing.

Mr. MORIN: It is too bad we do not have the plan before us this morning.

*By Mr. Morin:*

Q. I understand, however, that this water power is developed in the St. Lawrence river.—A. This water power is developed in the St. Lawrence yes, in the channel of the St. Lawrence river.

Q. And that this power results from the construction of a dam?—A. Yes, sir, by the Federal government.

Q. Right in the river?—A. Yes, sir, it is constructed right in the river.

Mr. LENNOX: What water power are you speaking of?

Mr. MORIN: Of the Montreal Cotton Company.

*By Mr. Morin:*

Q. And this dam has a fall of 11 feet?—A. 11 feet.

Q. And the water passes through the dam and goes right straight into the channel of the river?—A. Well, that is true, I think, to all intents and purposes. As a matter of actual fact, the development that took place under those leases was by digging channels right around the immediate end of the dam in most cases. There are 10,000 second feet to go immediately around the dam and back into the river. It makes a 180 degree turn. They had to cut away the dam to make the channel.

The CHAIRMAN: What Mr. Morin wants to know is whether the water, or the power for the Montreal Cotton Company's works required the water to be diverted out of the St. Lawrence river.—A. No. I would think, in general, what really happened there was this: When the first dam was built there was a certain amount of water, a greater amount of water than normally flowed down the river. And this channel was immediately on the river. The granting of this lease really restored to this channel what could be considered its natural flow, or a little bit more than its natural flow.

*By Mr. White:*

Q. Was the dam built as an aid to navigation?—A. The dam was built as an aid to navigation.

*By Mr. Morin:*

Q. In connection with the old Beauharnois canal?—A. Yes.

*By Mr. White:*

Q. And the development of power was incidental, or the creation of power was incidental to the building of the navigation works?—A. The power was obtained by simply cutting through the dam and putting in water wheels across the path of that water.

Q. If the dam had not been there there would have been no power except potential power?—A. That is the idea.

*By Mr. Morin:*

Q. Now they propose to divert this water and put it through the new Beauharnois Canal?—A. That is it.

Q. What for?—A. Well, to obtain a much greater amount of power by utilizing the whole 80-foot head instead of the 11-foot head.

Q. Now, they have an 11-foot head and in passing it through the canal they will have an 80-foot head?—A. 80 feet, approximately.

Q. What is the difference in horsepower being developed?—A. About 91,000 horsepower.

Q. So that they will get 91,000 horsepower— —A. More.

Q. And before they had 8,000 horsepower?—A. Yes.

*By Mr. White:*

Q. 13,000, was it not?—A. Well, they get about 13,000 horsepower.

*By the Chairman:*

Q. Mr. MacLachlan, what will happen, or what has happened to the Montreal Cotton Company's power plant, is it still operating?—A. Still operating. The water is not yet developed.

Q. What will happen to it when the water is developed?

Mr. WHITE: Under agreement, Mr. Chairman, between the two companies for the transfer, the Beauharnois Company must supply power from the Beauharnois power station to the Montreal Cotton Company for their purposes in perpetuity.

The CHAIRMAN: What I want to know is what will happen to the Montreal Cotton Company's power plant when the water is developed or diverted?—A. They will close the gates.

*By the Chairman:*

Q. It could still be operated?—A. Oh, yes, certainly.

Mr. JACOBS: It could not be operated if the power is transferred to the Beauharnois, this 13,000 cubic second feet.

The CHAIRMAN: As I understand it, the situation is this, that while the Beauharnois Company procured an assignment of the Montreal Cotton Company's lease, yet if anyone could secure another right to use the power plant of the Montreal Cotton Company it could still develop the power by drawing off more water.

The WITNESS: Nothing could stop it.

*By Mr. Morin:*

Q. What would be the effect of this change by the diversion of this water to navigation in the St. Lawrence river?—A. Well, it would not make any difference in regard to Lake St. Francis, and it would not make any difference with regard to that stretch of the river from the head of Grand Island down to the foot of Grand Island. From there down, of course, the river would have that much less water flowing in it.

Q. What would be the difference in level?—A. Oh, the river in that section varies about 1 foot for every 30,000 feet obstruction, perhaps a little more, perhaps 33,000. It would be about four inches, I suppose.

Q. 4 inches?—A. Yes, it would be about 4 inches lower.

Q. The level of the river would be lowered by about 4 inches?—A. 4 inches.

Q. In the rapids?—A. For a length of about 5 or 6 miles—6 miles I guess.

*By Mr. White:*

Q. That is the lower 6 miles of the St. Lawrence section?—A. Yes, sir.

*By Mr. Morin:*

Q. Do you know if any remedial works were proposed in the original application?—A. Oh, yes remedial works were proposed in the original application for that section.

Q. But in connection with the transfer by the Montreal Cotton Company.—A. Oh, no. The position of the Department of Railways and Canals,—and there again I can only speak from a knowledge of the documents; I had nothing to do with the arrangements which were made at the time,—but the department's position is set out in a letter which I had copied this morning from the Secretary of the Department to the Company, dated November 30, 1929, in which it says—

*By Mr. Jacobs:*

Q. Is that the Public Works Department.—A. No, Railways and Canals. Perhaps I had better read the letter:—

It is to be understood by and between all parties, executing the three several agreements, in triplicate, as above referred to, that the execution by His Majesty, represented by the Minister of Railways and Canals under the authority of Orders in Council, P.C. Nos. 2201, 2202 and 2203, dated November 6th, 1929, respectively, is not to be deemed to affect any obligation which there may be to obtain approval of any works which may be subject to the provisions of the Navigable Waters Protection Act.

The CHAIRMAN: What is the date of the letter?

The WITNESS: November 30, 1929.

The CHAIRMAN: From whom to whom?

The WITNESS: From Mr. Pugsley, Secretary of the Department of Railways and Canals to L. S. Christie, Beauharnois Light, Heat and Power Company.



The CHAIRMAN: This had better be marked as Exhibit No. 33.

Mr. LENNOX: What is the importance of what you read?

The WITNESS: I do not know what the importance of it is.

*By Mr. Lennox:*

Q. I assume, Mr. McLachlan, it was read for some purpose?

The CHAIRMAN: He was asked to read it.

Sir EUGENE Fiset: He mentioned the remedial works and then read the letter, and the letter agrees the remedial works have to be done in accordance with the Navigable Waters Protection Act.

Mr. WHITE: I imagine that the consent is subject to the application of the Navigable Waters Protection Act in respect to such remedial works as may be deemed necessary, as determined by that application.

Sir EUGENE Fiset: As reetermined by P.C. 422.

Mr. WHITE: No, not by P.C. 422, because P.C. 422 does not cover a diversion of that 13,000 odd cubic feet. It only dealt with 40,000 cubic feet. This requires, according to Mr. McLachlan, the additional remedial works which were not contemplated when the original Order in Council was made, that is, P.C. 422.

*By Mr. White:*

Q. Is that correct, Mr. McLachlan?—A. That is correct. I was not listening very closely to what you said.

The CHAIRMAN: It appears from a reading of the letter that the Secretary of the Department of Railways and Canals put this paragraph in the letter for the purpose of making it clear that those leases and this letter did not contemplate that the lessee or assignees of the lease—I presume that is the way you would describe them—would be relieved from seeking approval from the Governor in Council under the Navigable Waters Protection Act when they took the water from where it flowed through the Montreal Cotton Company's power house, when they took and diverted it back into the canal, that is, it seemed to be a reservation introduced by Mr. Pugsley, so that it would not relieve them from having to do that. That is the way I read it. I may be wrong.

Mr. WHITE: I would like to find out from Mr. McLachlan so that we may have it in one place on the notes.

*By Mr. White:*

Q. With 53,072 cubic feet a second at the 80 foot head of the Beauharnois Power Plant and the velocity of  $2\frac{1}{4}$  feet second, what firm power can be developed?—A. Well, that amount that I gave you plus 13,000 horse power would be about it. That would be 104,000 horse power altogether.

Q. 104,000 horse power altogether.—A. Yes.

*By Sir Eugène Fiset:*

Q. The cubic feet being 13,000.—A. 13,072 to be exact.

Mr. WHITE: I would like to get that fairly accurately on the notes, Mr. McLachlan.

*By Mr. Stewart:*

Q. 104,000 means what you would get from your 13,072 cubic feet.—A. At the 80 foot head.

*By Mr. White:*

Q. I was talking about 53,000 cubic feet, and I would like to know how much 53,000 cubic feet will give at the 80 foot head.—A. You would like to know how much 53,000 will give at the 80 foot head.

Q. Yes, at that velocity.—A. Of course, the velocity has nothing to do with it.

Q. I mean, if as a matter of fact the works were designed in such a way so that they would use more water up and, therefore, give them more power. Let us confine our remarks, if you please, to the question that I had in mind, because I would like to get this down on the notes accurately. What I want to know is at that velocity what is the power which would be developed with 53,072 cubic feet per second at the 80 foot head which, I understand, is the height at the Beauharnois plant. I am talking about firm power.—A. I would say four hundred and twenty-four, five hundred and seventy-six thousand horse power, according to the formula we engineers use.

Q. Are not you getting mixed up in your figures?—A. Four hundred and twenty-four thousand five hundred and seventy-six horse power.

Q. You have one word "thousand" too many in there, Mr. McLachlan.—A. As I understand it, you asked me the question how much power—

Q. Let me have your figures. There is no use discussing it.

Sir EUGENE Fiset: This discussion is very enlightening, let it go on.

Mr. LENNOX: You have got me all mixed up, I do not know where I am now.

Mr. WHITE: I am not going to admit that.

*By Mr. White:*

Q. The point is, Mr. McLachlan, that you gave the figure as four hundred and twenty-four thousand five hundred and seventy-six thousand. You have one word "thousand" too many in there.—A. That is the amount of power you would obtain from 53,000 c.s.f. at the 80 foot head.

Q. But you said four hundred and twenty-four thousand five hundred and seventy-six thousand. You had one word "thousand" too many in.—A. I am very sorry.

Q. The correct figure being 424,576 horse power. That is correct, is it?—A. Yes, sir, that is correct.

Q. I have used the expression "firm power". Will you please explain to the committee what you think I mean by "firm power".—A. I would say firm power was power that you could deliver for every day in the year, 365 days in the year, and every hour in the day for 365 days in the year.

Q. Well now, I understand that the design of the plant at Beauharnois is so designed as to create or to be capable of developing 500,000 horse power. Is that your understanding?—A. Well, that is my understanding but—

Q. Well, wait a minute now. Do I understand that that amount of development is justifiable, or that at certain portions of the year a greater amount than the actual amount of firm power that would be created can be used?—A. I would not understand it that way. My understanding would be that that 500,000 horse power includes the spares that are necessary in that plant to care for accidents to machinery.

Q. Well, is it justifiable in the development of this amount of water power with this amount of water on that head?—A. I want to add one more word to what I said. You also need an excess capacity in order to take care of very low heads that will be forced on you through ice elements.

Mr. LENNOX: Let Mr. White finish his question.

The WITNESS: I was trying to finish my answer.

*By Mr. White:*

Q. The point is that for the reasons you have indicated the installation of machinery capable of developing 500,000 horse power is justifiable.—A. I would say—

Q. And good engineering.—A. Well, it is not bad engineering. I have to investigate the thing to make sure it is good engineering. It is not bad engineering as far as it impresses me.

Mr. WHITE: I think that is all.

*By the Chairman:*

Q. Just one question, Mr. McLachlan. To develop 500,000 horse power, whether you call it firm power, or intermittent power or any other kind of power, as I understand it there would have to be more than 53,000 second feet put through the dam.—A. Oh, yes, that is true.

Mr. JACOBS: How much?

Hon. Mr. MACKENZIE: We could figure that out.

Mr. WHITE: It won't take a minute.

The WITNESS: I make it 62,500 cubic feet per second.

Mr. MORIN: With an additional 9,000 to what they have got now.

Mr. WHITE: Yes.

*By Mr. Stewart:*

Q. What were your figures?—A. 62,500 cubic feet per second.

Mr. JACOBS: Instead of the 53,000 which they have now.

The CHAIRMAN: Yes. Are there any more questions that you wish to direct to Mr. McLachlan?

Mr. MORIN: No, Mr. Chairman.

The CHAIRMAN: Mr. White?

Mr. WHITE: Nothing more. Before the next witness is called, Mr. Chairman, there has been a considerable amount of discussion as to what in the Order in Council the expression "the said works" meant. May I call your attention to something which would appear to conclude the matter. If you will turn to page 7 of the evidence as printed, at the meeting of June 23, 1921, referring to Order in Council P.C. 1122 which is dated June 27, 1929, and which is the Order in Council approving of the agreement between the Dominion government and the Provincial government of Quebec, and which agreement is Appendix A to the Order in Council, it reads as follows:—

Memorandum of Agreement between His Majesty the King, in the right of the Dominion of Canada, and His Majesty the King in the right of the province of Quebec—

Mr. CANNON: Mr. White, what page is that.

Mr. WHITE: Page 7 of the proceedings of June 23. This Order in Council reads:—

Whereas by order of the Governor in Council dated the 8th day of March, 1929, approval under the Navigable Waters Protection Act was granted to the Beauharnois Light, Heat and Power Company, of certain projected works mentioned therein.

And whereas one of the said conditions was that the company should, before commencing construction of any part of the approved works, procure the execution by the Province of an agreement with and to the satisfaction of the Dominion respecting the maintenance by the Province of the said works in the event of same becoming the property of the Province in a complete state.

And whereas it was a further condition of such approval that upon termination of a certain emphyteutic lease dated the 23rd day of June, 1928, granted by the Province to the Company, or upon termination of



the rights granted thereunder, or in case the approved works or any part thereof should become the property of the Province while in an uncompleted state, the approval should cease and determine.

And whereas the Province has agreed accordingly. Now therefore in consideration of the premises, this Indenture witnesseth as follows:

1. The Province hereby undertakes and agrees—

Mr. LENNOX: May I interrupt you here. Supposing that it does not become the property of the province in a completed state, what effect does that have?

Mr. WHITE: It is covered by this clause I am reading here.

Mr. LENNOX: It seems to me that it is only anticipating the Province taking over.

Mr. WHITE: That is what it is anticipating.

Mr. LENNOX: If the Province does not take it over what is the effect upon Beauharnois?

Mr. WHITE: I am only citing this Order in Council now because I think it is conclusive as to what the expression "said works" means. You see, we have had a good deal of difficulty about that. It says:—

The Province hereby undertakes and agrees that should the works approved by the aforesaid order in council of the 8th day of March, 1929 (P.C. 422), or a part thereof in a completed state become the property of the Province, in any manner other than by assignment or by termination of the emphyteutic lease of the 23rd day of June, 1928, or of the rights granted thereunder, the Province will either transfer the same to the Dominion or will maintain the same or cause the same to be maintained in a proper state of repair and in such manner that the facilities of navigation upon and through the canal (which is part of the approved works), shall not be less than when the same works or any part thereof so became the property of the Province.

It seems to me, in the face of that, it would be idle for anyone to argue that what was intended to be approved was the whole plan and not any part of it simply because the Navigable Waters Protection Act gives the authority to the Governor in Council to approve of works such as are mentioned in the Act itself, because the Order in Council here recites—

The CHAIRMAN: I do not think Mr. Hellmuth and Mr. Montgomery were very serious in their arguments.

Mr. WHITE: Be that as it may, this seems to be conclusive, and I recite it now because of the fact that it is the intention, I understand—and I should ask Mr. Cameron what his views are, and the other engineers what their views are, about the works referred to. And, in answer to Col. Lennox:—

. . . . and the Province will do nothing whatever to interfere with or affect navigation upon or through the said canal or the use of such facilities therefor: Provided that should the Province in such case not operate or should the Province thereafter cease to operate the said works for the production of hydro-electric energy or other power, it shall not be liable to maintain and repair any part of the said works, but will permit the Dominion to have complete access to any lands, works or property of any kind whatsoever in the possession or control of the Province, for the purpose of maintaining the said works or any part thereof in a proper state of repair.

2. The aforesaid undertaking of the province is given upon the understanding that upon the termination of the emphyteutic lease of the 23rd day of June, 1928, or the rights granted thereunder, or in case the

approved works or any part thereof should become the property of the province while in an uncompleted state, the approval of the said works by the Governor in Council shall cease and determine.

That is, if the province is going to complete them, or if they pass into their lands before they are completed then the approval goes by the board.

Mr. LENNOX: That is a funny section, because it seems to provide for certain conditions if the province takes it over in a completed state or in an uncompleted state, and apparently no provision if they carry on themselves.

Mr. CANNON: That would have to be read in conjunction with the Order in Council and the agreement passed between the province and the company. They provide that under certain conditions the province may take over the work.

Mr. WHITE: Yes, but if the province does not take over the work either in a completed or an uncompleted state—

Mr. LENNOX: What happens?

Mr. WHITE: Then they have granted certain rights which are exercisable rights by the grantees that is, the Beauharnois Company, in accordance with the act of incorporation of that company, the Act of the Legislature of Quebec, and also subject to the conditions laid down by Order in Council P.C. 422 during the term of the emphyteutic lease. In other words, if there is no default or expropriation they may carry on in that way and it is, therefore, not necessary for this Order in Council to cover that situation.

Mr. LENNOX: Then if there is no expropriation by the province they carry on under P.C. 422 and under their charter.

Mr. WHITE: It is an Act of Parliament and provides something more. I mean it gives them, or purports to give them very substantial rights that is, the right to withdraw 40,000 cubic second feet.

Mr. JACOBS: Is Mr. Montgomery not going to question Mr. McLachlan, or any person representing the Beauharnois Company?

The CHAIRMAN: Is it the view of the committee that Mr. Montgomery, or anyone representing the company, be permitted to cross examine Mr. McLachlan.

Mr. LENNOX: I think so.

Mr. WHITE: That is a matter that will have to be determined by the committee. My understanding of the general rule in regard to investigations of this kind before select committees of Parliament is that the committee counsel are the ones to conduct the investigation.

The CHAIRMAN: Quite right.

Mr. WHITE: And that any questions that are to be asked are ordinarily asked through counsel for the committee, and that except with the permission of the committee, which may be granted, other counsel have no rights. I have not raised that point till now.

Mr. LENNOX: Why should you raise it? Are not we here for the purpose of investigating, and if there is any question to be asked by Mr. Montgomery surely he should be permitted to ask it.

Mr. WHITE: I am not raising it except to get from the committee a ruling for my own future guidance. I am not even suggesting that either Mr. Montgomery, or Mr. Hellmuth, or Mr. Forsythe or Mr. Starr have not the right to ask questions—

Mr. LENNOX: What is the use of them being here.

Mr. JACOBS: It is a one-sided arrangement entirely if only one counsel can examine and the other side cannot.

Mr. LENNOX: I think you are right technically, but you are not going to confine me to that.

Mr. WHITE: I am entirely in the hands of the committee, and whatever their wishes are are my law, and I am not making any suggestion other than that the matter should be settled and probably determined from time to time.

Mr. LENNOX: Well, you know my views.

Mr. WHITE: They coincide with mine, because it relieves me of a lot of responsibility.

Mr. LENNOX: I think it is only fair that both sides should have the fullest investigation.

Mr. JACOBS: It is the first time I have agreed with Mr. Lennox on anything.

The CHAIRMAN: And you are both wrong.

Mr. LENNOX: Technically I may be wrong.

The CHAIRMAN: I think there is no doubt about what are the general rules covering a committee of this character. All questions should properly come from counsel representing the committee; but the committee has authority, if they care to exercise it, to permit anyone representing any interested party to ask questions either through the committee's counsel or direct if the committee so agree. And, as Mr. White has just said, I think from time to time the committee may be called upon to make rulings as we proceed as to the propriety of various counsel representing various interests adopting a course in the investigation. However, we should not run into any difficulty there. Counsel representing the various interests will, I am sure, be astute to see that they do not hold up the investigation unduly.

Mr. LENNOX: The public are watching the proceedings here, and if the idea gets abroad that we are restraining anyone it will have a very bad effect, and it may be suggested that this is a whitewashing committee. Now, if we give the Beauharnois people the same opportunity as counsel for the committee people cannot say that.

Sir EUGÈNE Fiset: May I suggest, Mr. Chairman, that we have already created a precedent when Mr. White asked Mr. McLachlan to appear as a witness and we insisted that the other engineers be also heard.

The CHAIRMAN: And I think that we decided properly. If there are any questions that any counsel desires to put to Mr. McLachlan that are going to be helpful, I think it is the view of the committee that they be permitted to ask them. Mr. McLachlan has exhausted, in my view, probably his conception of this whole project; but there may be some questions that counsel interested may desire to direct to him, and it is the view of the committee that they be permitted to do so. Mr. Montgomery, do you care to ask Mr. McLachlan any questions.

Mr. HELLMUTH: Mr. Chairman, I understand that the other engineers of this Joint Board are to be called.

Hon. Mr. MACKENZIE: The Joint Committee not the Joint Board.

Mr. HELLMUTH: Yes, the Joint Committee of Engineers. I would suggest, if it is agreeable to the committee, that until those engineers have been heard, and when they are heard and questions may arise, that we might be allowed to defer putting any questions to Mr. McLachlan for the moment. He could be recalled for any questions after all the engineers have been heard, if it were necessary.

Mr. WHITE: I wonder if that is quite fair to Mr. McLachlan.

The CHAIRMAN: Hardly. I do not think it is fair, Mr. Hellmuth. And it might in turn be unfair to the next witness. The last witness would probably get the best of it, or the worst of it as the case may be.



Mr. HELLMUTH: Well, until we hear what the story of the various engineers is it is rather difficult to understand what matters should be dealt with in any further examination of Mr. McLachlan.

The CHAIRMAN: The view of the committee seems to be, Mr. Hellmuth, that if counsel other than the committee counsel desire to direct any questions to Mr. McLachlan, by way of explanation or by way of cross-examination, it should be done now in fairness to Mr. McLachlan, and I think that it would probably work out better.

Hon. Mr. MACKENZIE: That does not prevent any member of the committee recalling Mr. McLachlan subsequently if they so desire, or any other witness.

The CHAIRMAN: Have you any question now, Mr. Hellmuth, to direct to Mr. McLachlan.

Mr. HELLMUTH: No, I think not, Mr. Chairman.

The CHAIRMAN: The next witness then, Mr. White.

Mr. WHITE: Are any of the other counsel asking for permission to cross-examine Mr. McLachlan.

Mr. CANNON: No questions.

Mr. STARR: No questions, Mr. Chairman.

Witness retired.

KENNETH MACKENZIE CAMERON, called, and sworn. Examined by Mr. Morin.

*By Mr. Morin:*

Q. Mr. Cameron, you are chief engineer, Department of Public Works.—  
A. Yes, sir.

Q. And have been for how long?—A. Since 1923, sir.

Q. Now, I understand that you were one of the engineers who signed the report mentioned in Order in Council, P.C. 422.—A. Yes, sir.

Q. Well, this committee would like to have your opinion as to the meaning of the words mentioned in this Order in Council P.C. 422 at page 16, condition 11, which reads as follows:—

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

What is meant by those words "detailed plans of construction."

Mr. CANNON: I do not know how it may interest my client, but in so far as it does I do not think the question should be put to this witness. Why should he be called to give us the proper construction of an Order in Council? He is an engineer.

Mr. MORIN: But he wrote the Condition himself.

The CHAIRMAN: It is the view of the committee, at least it is my view—

Mr. JACOBS: It is against the rules of evidence to ask a man to interpret a writing that is there and speaks for itself, that is, in a court of law.

Mr. WHITE: Mr. Chairman, Mr. McLachlan was asked that question, and I understand that one of the principal purposes in asking Mr. Cameron to come here was that he should put his interpretation on that very clause.

The CHAIRMAN: I understand that these engineers prepared this report, and they can at least tell us what they were preparing.

Mr. JACOBS: In any event, I think your ruling last week was that we make our own rules.

The CHAIRMAN: Pretty generally, yes.

Mr. JACOBS: And, of course, if that be so you can ask Mr. Cameron anything you like.

The CHAIRMAN: Proceed with your question, Mr. Morin.

*By Mr. Morin:*

Q. Will you answer, Mr. Cameron, please?—A. May I see the Condition? Mr. Chairman, at the time the committee prepared its report the committee had before it the application, with certain plans from this company submitted to the committee by the Minister of Public Works for its report. Following the practice in the Public Works Department we usually ask companies, when they make applications like this, to submit plans in more detail as they are able to work them up, as the committee is not able to spend as much time on a detailed study of the works as may be wholly necessary. The works are engineering works, and in a big construction like this there must be some detailed changes made as the works progress. The purpose then in asking that this be done was that they should furnish more detail as they were able to study the matter.

Q. Yes, but works in the river or works in the canal.—A. Oh, I would interpret that to cover all the works.

Q. All the works?—A. Oh, yes. To my mind, of course, they automatically divide themselves into two broad grounds, the one in the canal and the other in the lakes and the river section adjoining the lakes.

Q. Have they put before the Governor in Council their application which was a proposal for the diversion of the whole flow of the St. Lawrence; that was their first proposal.—A. I believe so.

Q. And in connection with this first proposal they had to prepare plans providing for a canal having a width of 4,000 feet.—A. Yes, sir.

Q. And in comparing the study Mr. Geoffrion modified his application and limited it to a diversion of 40,000 cubic feet.—A. Yes.

Q. And the plans were not changed at the time.—A. No.

Q. So the first plans provided for the whole flow of the St. Lawrence.

Mr. MONTGOMERY: We cannot hear you at all. Will you please get a little farther away from the witness. What was the last question, please?

Reporter reads previous question as follows:

And in comparing the study Mr. Geoffrion modified his application and limited it to a diversion of 40,000 cubic feet.—A. Yes.

*By Mr. Morin:*

Q. The plans are only for 40,000.

Mr. MONTGOMERY: You said he altered the plans.

Mr. MORIN: He said his application, Mr. Chairman.

Mr. MONTGOMERY: But the plans are only for 40,000 second feet.

*By Mr. Jacobs:*

Q. The plans show 40,000 second feet, that is correct is it?—A. I do not think the plans show any 40,000 cubic feet.

Q. What do they show?—A. The application was for permission to pass through the canal 40,000 cubic feet.

Mr. WHITE: Let us get the original. Where is it?

Mr. MORIN: The plans attached to Exhibit No. 1.

*By Mr. White:*

Q. What took place at the hearing before the Hon. Mr. Elliott, who was Minister of Public Works, will appear in a few minutes, because I propose to read part of that to the committee so that they may be quite thoroughly informed as to what apparently Mr. Geoffrion did do at that time.

Mr. MONTGOMERY: Previous to its application, whatever the original contemplation had been, before they had come to Ottawa at all, they had been limited to 40,000 feet by Quebec, consequently when they came to Ottawa they could only come for 40,000 second feet.

Mr. WHITE: Mr. Montgomery's statement in regard to that might be capable of two interpretations. They had obtained a lease of 40,000 cubic second feet—

Mr. MONTGOMERY: Only.

Mr. WHITE: Of 40,000 cubic second feet.

Mr. MONTGOMERY: Only.

Mr. WHITE: I am not going to be subjected to interruptions of this kind, Mr. Montgomery.

Mr. LENNOX: Anyway, they got 40,000 cubic feet.

Mr. WHITE: They got a lease of not more than 40,000 from the province of Quebec, and Quebec purported to give them the right to divert that amount of water; but their plans and all of their literature, and everything else in connection with this—and after all we might as well get this clear now as at any other time, and my friend might as well understand that he is here with the permission of this committee and, as I say, I do not propose to be subjected to interruptions of this sort—

Mr. LENNOX: You should not be interrupted.

Mr. WHITE: And if my learned friend persists, I will have to insist on my rights, that is all.

The CHAIRMAN: Go on, Mr. White.

Mr. WHITE: What happened was that the lease was obtained from the province of Quebec in which Quebec purported to give them a lease by which they had the right to withdraw from the St. Lawrence river not more than 40,000 cubic feet a second; but all of the plans, all of the literature, all of the things which were given to the public, and the original application itself to the Governor General in Council, asked for and contemplated that ultimately the whole river would be diverted through this canal.

Mr. MORIN: And the plans were prepared accordingly.

Mr. WHITE: The original plans obviously contemplated the building of a ditch wide enough to accommodate the whole flow of the river, and big enough to accommodate the whole flow of the river. There never has been any real pretence to the contrary.

Sir EUGENE Fiset: I wonder, Mr. Chairman, if it would be permissible for me to ask if the plans attached to the Order in Council were also attached to the Quebec Order in Council or Quebec Act.

The CHAIRMAN: It is a perfectly right and proper question.

Sir EUGENE Fiset: I would like to know that, sir, if those plans are exactly the same in Quebec as they are here in the Privy Council.

Mr. WHITE: We have the Act of the Quebec legislature here; it is filed as an exhibit.

Mr. MORIN: The lease provides for that, and it was filed with the Government.

Sir EUGENE Fiset: The lease provides for that?



Mr. MORIN: Yes.

Mr. DORION: Section 22.

Mr. WHITE: Section 22 of the Act of Incorporation says:—

It shall be lawful for the company to deposit, in the office of the Minister of Lands, Mines and Fisheries, a plan and book of reference, certified by the secretary of the company, of any of its system of works, indicating the systems and their location and giving all information necessary to make the description thereof understood, and to designate such systems under said plan and book of reference by one or more special numbers of designations different from the numbers and designations on the official plan of the cadastre of the municipality or municipalities in which such systems are situated; and the Minister of Lands, Mines and Fisheries shall receive such plan and book of reference, and if found correct, shall send a certified copy to the registrar—.

I think that hardly covers the situation because it apparently is the foundation for the right to expropriate similar to the right given in the Railway Act. It is here somewhere.

Mr. STARR: It is cited in the Privy Council order.

Mr. WHITE: I think the situation is covered by part of 11A in which it says,

The company shall not enter into possession of any property of the Crown for the purpose of exercising any power conferred by this act or otherwise, without first having obtained the right so to do from the Lieutenant Governor in Council.

I should think on the application the Lieutenant Governor in Council would have to say—

Mr. LENNOX: What point are you trying to make?

Mr. WHITE: Sir Eugène Fiset wishes to know whether similar plans to the ones attached to exhibit 422 were deposited and approved by the Lieutenant Governor of the province of Quebec.

Sir EUGENE Fiset: Exactly; and then we shall know if both occasions are similar. Then we shall know if the plans deposited with the Privy Council are similar to those deposited with the Lieutenant Governor in Council.

Mr. MONTGOMERY: May I be permitted, you will find an answer to that at the top of page 3 in P.C. 422.

Mr. WHITE: Just a moment, and I shall clear the situation. Exhibit 22, which are the sessional papers, 136A, page 564, which is part of the lease granted by the province of Quebec to the Beauharnois company.

Sir EUGENE Fiset: Mr. White, I have the answer to what I am seeking on page 3, the first paragraph. The plans were submitted to the province.

Mr. WHITE: The Order in Council says so.

Sir EUGENE Fiset: Yes.

Mr. WHITE: Here is what is said in the actual lease about that. This is clause 12 of the lease, on page 564 of this exhibit: "This lease is granted without prejudice to the rights of third parties nor to Federal and provincial laws concerning navigation, mines and fisheries and the driving of logs.

Furthermore, before beginning any work on the premises hereby demised, the lessee shall, according to the provisions of Chap. 46 of the Revised Statutes of Quebec, 1925, and to those of the present clause, submit to the lessor for his approbation, copies of all plans including elevations, profiles, sections or all other like drawings showing and describing the projected mills, dams, power-houses, wharves, piers and other buildings, and similarly as well as of modifications and improvements thereof during the lease, and taking care to give full

particulars with regard to the capacity of works and machinery and its production, together with all information that the lessor may deem useful or necessary. Moreover, the lessee shall supply and furnish the lessor with copies of all data it may already have, or that it may obtain in the future concerning the flow and levels of the river."

Sir EUGENE Fiset: Then, we may take it for granted that the plans submitted with the Order in Council were also deposited with the province of Quebec.

Mr. MONTGOMERY: That is right.

Mr. WHITE: I do not know that you can take it for granted.

The CHAIRMAN: I presume anyone may take it for granted if they care to. I do not like to take anything for granted.

Mr. WHITE: I might also refer to Privy Council order 422, page 2 of the mimeographed copies which we have, where it says:

That the company, under date of June 23, 1928, was granted an emphyteutic lease by the provincial government of Quebec of

"the rights of the province of Quebec to such part of the hydraulic powers of the St. Lawrence river that can be developed between Lake St. Francis and Lake St. Louis through a derivation canal on the right (southern) shore, having a maximum flowing capacity of 40,000 cubic feet per second, the province reserving the ownership and the free disposition of the surplus."

Now, I ask the committee to look at the wording of that section carefully, because it is not the right which is granted to take not more than 40,000 cubic feet a second, it is the right to build a canal of a capacity to draw 40,000 feet a second, "the rights of the province of Quebec to such part of the hydraulic powers of the St. Lawrence river that can be developed between Lake St. Francis and Lake St. Louis through a derivation canal—"leaving something out—"having a maximum flowing capacity of 40,000 cubic feet per second, the province reserving the ownership and the free disposition of the surplus." Our contention would be that in the face of that lease what they got was the right to build a canal of that capacity, and they built a canal of a very much greater capacity.

The CHAIRMAN: What interpretation do you put on the last line?

Mr. WHITE: "The province reserving the ownership and the free disposition of the surplus."

The CHAIRMAN: What is "surplus"?

Mr. WHITE: The whole flow of the river excepting whatever existing power rights there may be, which would be affected by diverting the water from the river St. Lawrence.

Mr. MONTGOMERY: Mr. White, do you mind my drawing the attention of the committee to a further clause of the lease which is recited in 13 of the recitals, on page 3 of our Order in Council 422?

Mr. WHITE:

The present concession is granted with the understanding that the lessee, who is presently negotiating with the federal government, shall obtain from the latter, insofar as its rights are concerned, the authorization to divert a flow of 40,000 cubic feet of water per second.

And the application, as you will remember, which was made originally for the right to divert an initial flow of 40,000 cubic feet a second, showing that at that time the company had in mind the acquisition, if possible, of the right to divert much more than 40,000 cubic second feet; and probably to apply to the province of Quebec for additional rights as time went on. The right to ownership and free disposition of the surplus shall be reserved to the province. I should like

just for a moment to refer to the meeting which took place in Mr. Elliott's office. It will be found in Exhibit 22, the sessional papers, 136A, starting off on Monday, March 11, 1929. It starts at page 91 of that file. I have it in a rather convenient form in some papers which Mr. Gardiner gave me, and before Mr. Cameron proceeds with his evidence, I should like to read what actually did take place there.

Mr. STEWART: What date is this, Mr. White?

Mr. WHITE: The date of the meeting was January 15, 1929, and it starts out,

The application of the Beauharnois Light Heat and Power Company for permission to build a power canal on the St. Lawrence river was heard and inquired into by a sub-committee of the Cabinet on Tuesday, January 15, 1929.

This indicates what was in the mind of the members of the Cabinet who were then present. In other words what was actually before them was primarily not a question of works in the St. Lawrence river interfering with navigation, but was a withdrawal of 40,000 cubic second feet which made it necessary to place works which in themselves would not impede navigation, but aid navigation by supplying some means of replacing the possible damage to navigation, a remedy for that caused by the taking of this amount of water from the St. Lawrence. It says,

The application of the Beauharnois Light, Heat and Power Company for permission to build a power canal on the St. Lawrence river—

and so on.

The Hon. J. C. Elliott, Minister of Public Works, in the chair. There were also present Hon. Charles Stewart, Minister of Interior, and Hon. P. J. A. Cardin, Minister of Marine and Fisheries, Mr. K. M. Cameron, Chief Engineer of the Department of Public Works, and a number of counsel, engineers and others representing the different interests concerned.

Mr. Aimé Geoffrion, K.C., was there representing the applicants; and Mr. L. A. Forsythe, K.C., appeared for the Cedar Rapids Manufacturing Company.

Mr. JACOBS: Shame, shame.

The CHAIRMAN: What harmony now prevails.

Mr. JACOBS: All's quiet on the western front.

Mr. WHITE: Mr. Gordon McDougall, K.C., appeared for the Canadian Light, Heat and Power Company, Mr. F. King, K.C., appeared for the Dominion Marine Association, and Mr. A. F. W. MacCallum appeared for the Shipping Federation of Canada, and Mr. A. G. Long and Mr. D. L. McCarthy, K.C., appeared for the Soulanges Power Company.

The CHAIRMAN: Did anybody appear for the Canada Steamship Line?

Mr. FORSYTHE: Mr. MacCallum appeared for the Canada Steamship Lines, and Mr. Thompson who was, I think, the secretary of the Canada Steamship Lines, also made a statement there.

Mr. WHITE: This of course, runs over some 60 pages.

The CHAIRMAN: Did anyone represent the Great Lakes and Atlantic—

Mr. FORSYTHE: Mr. R. L. Calder.

Mr. WHITE: Apropos of the discussion which we have been having, it perhaps might be to advantage to have the views of Mr. Geoffrion as there expressed, and at the risk of being somewhat tiresome in expressing this in my voice rather than Mr. Geoffrion's, may I just point out the difference to the committee.

The CHAIRMAN: I cannot think of anything more tiring than to hear one lawyer read what another lawyer says.



Mr. MACKENZIE: Except listening to them.

Mr. JACOBS: That is why you got out of law, is it?

Mr. WHITE: "Mr. Minister and gentlemen, our application is an application exclusively under the Navigable Waters Protection Act, chapter 140 of the Revised Statutes for approval of works, under section 7. It is that and nothing but that."

Mr. LENNOX: Are you reading a letter from Mr. Geoffrion?

Mr. WHITE: No, what he said at that hearing.

I wish to emphasize this point. I shall have to refer to the terms of the Statute more fully, so I will leave the reading of it till later on. I simply want to emphasize that point because, judging by the memoranda filed in opposition to our application some time ago, and judging by the appearances here, I think there is a very great misconception, either as to what our application is, or as to what the Statute says, and I hope that we may shorten the discussion. In fact we should, I submit, eliminate three of the five parties on account of the character of the application and on account of the nature of your jurisdiction.

As I say, our application is exclusively under the Navigable Waters Protection Act. That Act, section 2, paragraph B, is first material because it defines what is a "work" as our application is one for approval of works, and the jurisdiction given is a jurisdiction to approve of works. Section 2 says:—

(b) "work" includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.

Now, it may occur to the members of the committee that a work which is not in the river, not on any part of that river, which is not placed in, upon, over, under, through or across any navigable river, may interfere with navigation.

We may therefore shorten that provision and say that the word "work" means any work, structure, or device that may interfere with navigation.

Section 4 reads:—

No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the Governor in Council.

Mr. LENNOX: In that connection, was this work that is upon their own private property approved of by the Governor in Council?

Mr. WHITE: Yes, that is part of the application.

Mr. LENNOX: I know, but was it approved of?

Mr. WHITE: Yes, the plan says so, the plan attached to Exhibit 1.

Mr. LENNOX: Was it approved of by the Governor in Council?

Mr. WHITE: The Order in Council says so.

The CHAIRMAN: There can be no argument surely, about the divisibility of the works on the private property and those on the river.

Mr. LENNOX: There was an argument.

Mr. WHITE: A very strenuous one.

The CHAIRMAN: Well, there was a strenuous argument. Those representing the Beauharnois Company will, I think, admit that there is not any divisibility because there certainly was no divisibility in the financing of this project. They could not sell a bond if there had been. That is the way it strikes me.

Mr. WHITE: At page A-7, Mr. Geoffrion continues,

In all there is nothing but the exercise by the Dominion of its jurisdiction over navigation. The words of the Statute in all the sections I have read—2 (b), 4, 5, 7 and particularly 10—show clearly that the regulation can be only for navigation purposes. The Dominion Parliament therefore, if we leave aside the question of fisheries, has but one jurisdiction over these rivers, and the Dominion Executive has only one jurisdiction; it is the jurisdiction given by this Act, which is to decide in lieu of the Court whether or not there is any interference with navigation. If there is no interference with navigation the Dominion has nothing to do with the matter—

Mr. Geoffrion's contention being if there was interference with navigation, then the course of the Dominion authorities was by application to the courts to restrain or take some action which would remove any obstruction or interference, and that the meaning of the Navigable Waters Protection Act is that it substituted the Governor in Council for the court.

—and I say that if there is no interference with navigation it is, under the order of parliament and under the provisions of our constitution, the duty of the Governor in Council; they are not enforceable in law—it is the duty of the Governor in Council to approve and not to block a concession made by the province on its property, just as he should not block a concession made by an individual on his own property, unless the Dominion's own jurisdiction is affected and the Dominion Government fears interference with navigation.

Mr. LENNOX: Do you agree with that?

Mr. WHITE: In the exercise of that jurisdiction and subject to this, I would agree with what Mr. Geoffrion says, that in the exercise of that jurisdiction the power having been delegated, the power of parliament to legislate having been delegated to the Governor in Council, that delegated power must be construed strictly, and does not convey to the Governor in Council any right beyond that which is in the express words of the Statute.

Mr. LENNOX: Is this within the express words?

Mr. WHITE: And that the right to draw water from a navigable stream, which may interfere with navigation, although incidental to an application for the approval of works under the Navigable Waters Protection Act, is something beyond what was delegated to the Governor in Council by the Act.

Mr. LENNOX: Is this within—

Mr. WHITE: If you will allow me to complete my statement, because somebody is going to read this and criticize it perhaps.

Hon. Mr. MACKENZIE: Think so.

Mr. WHITE: In other words, the right given to the Governor in Council by the Navigable Waters Protection Act, apart from giving the Governor in Council the right to approve of certain works to be built in, upon, over, under, through or across any navigable stream, gave it no right to grant or make a grant or a concession of any property of the Crown under the right of the Dominion of Canada.

Mr. LENNOX: Then, you disagree with that?

Mr. WHITE: To that extent, yes.

Mr. JACOBS: What property was granted, Mr. White?

Mr. WHITE: The Order in Council as I read it, purports to grant whatever rights—the digging out and the flow of 40,000 cubic feet of water of the St. Lawrence river, and the right to divert that from the river.

Hon. Mr. MACKENZIE: So, your opinion differs from that of the Department of Justice at the time?

Mr. WHITE: Not entirely.

Hon. Mr. MACKENZIE: It is a matter of argument.

Mr. WHITE: There is something to be said for the opinion of the Department of Justice.

Hon. Mr. MACKENZIE: There generally is.

Mr. JACOBS: That is very kind of you.

Mr. WHITE: Well, I do not wish my remarks to be understood to be at all facetious.

Hon. Mr. MACKENZIE: You are quite entitled to your opinion.

Mr. WHITE: Well, I am not criticizing the opinion of the Department of Justice. It does become a serious question, and the opinion itself of the Department realizes that. One who reads it, could not help but think there must be very considerable questions in the minds of the gentlemen who wrote the opinion.

Mr. JACOBS: It was not very, very difficult.

Mr. WHITE: No? It is fairly arguable.

Hon. Mr. MACKENZIE: It certainly is.

Mr. WHITE: The view I am endeavouring to place before the committee is this, if there were any rights of the Dominion given away by the approval of these plans by Order in Council No. 422, the only person or the only body who could give these rights away is parliament, and not the Governor in Council.

Mr. LENNOX: I suppose that is the substance of the whole argument.

Mr. WHITE: Yes, that is the meat of it.

The CHAIRMAN: Mr. White, just before you leave that. Have you been able to find anything in the Navigable Waters Protection Act that gives the Governor in Council the right to permit the diversion of any water presently navigable from its, shall I state, natural state? Is there anything in the act to permit it?

Mr. WHITE: Nothing directly.

The CHAIRMAN: Where do you get it indirectly?

Mr. WHITE: The opinion of the Department of Justice at this time was inasmuch as the Governor in Council had the right to approve of the works. Now, if that is to be construed, if the word "works" is to be construed according to the contention my friend raised the other day to apply only to works in the river, any right which they got from the Dominion to divert water—

Mr. LENNOX: Put it the other way, assuming it covered everything.

Mr. WHITE: Assuming they had the right to approve of the other—if these works are to be divided as it was sought to do the other day—

Mr. LENNOX: Assuming that they are indivisible.

Mr. WHITE: I say if they are to be divided then the Dominion had the right to approve of the works in the river, the remedial works and nothing else.

Mr. LENNOX: Assuming they are indivisible, what is left?

Mr. WHITE: Then the same result follows unless—I agree as the Deputy Minister of Justice points out in his opinion, that the diversion of the 40,000



cubic feet was incidental to the approval of the works in respect to navigation. That is the way he puts it. In other words, what he says is this: if an application is made for the approval of certain works which are clearly within the jurisdiction of the Governor General in Council, as aids to the or obstruction of navigation, and incidentally it involves a consent to the diversion of 40,000 cubic feet per second, then the Governor General in Council has the right to approve of the plans notwithstanding that incidental thereto the approval involves permission to withdraw. That is his opinion. Now, as I say, I—

The CHAIRMAN: In this case the acceptance seems to have been the main event.

Mr. WHITE: I was just going to say from those proceedings here if there had not been a diversion of 40,000 cubic feet there would have been no contention of the Dominion Government at all, there would have been no reason to come before the Governor in Council at all. It is by reason of the diversion of that water that they come here and they come here and say, we have got the right from the province of Quebec to divert 40,000 cubic feet, and that may have some effect on navigation there—

Mr. LENNOX: You questioned the right of the Governor in Council to grant it?

Mr. WHITE: To grant the right to divert 40,000 cubic feet.

Mr. LENNOX: Upon what grounds?

Mr. WHITE: On the ground that they have no right—the only authority under which the Governor in Council has any rights is under the Navigable Waters Protection Act. Mr. Geoffrion makes it abundantly clear that that was the contention of the Beauharnois Company. That act does not give them the right to give away something, or to divert water which may have an effect on navigation. That is, they have no right—

Mr. LENNOX: Then, is your contention confined solely to the fact that the Governor in Council in granting certain rights exceeded their authority?

Mr. WHITE: That is not the sole contention; that is one, and only one.

Mr. LENNOX: I am speaking of that.

Mr. WHITE: That is one of the contentions.

The CHAIRMAN: Well, let us get on.

Mr. WHITE: I think, perhaps, while I am on that subject, if Mr. Cameron does not mind, it might be well for me to finish reading, because it is incidental to the question that has been raised during the examination.

Then, Mr. Geoffrion goes on to say:

If there is no interference with navigation the Dominion has nothing to do with the matter, and I say that if there is no interference with navigation, it is, under the order of parliament and under the provisions of our constitution, the duty of the Governor in Council—in so far as there can be any duties on the Governor in Council, they are not enforceable in law—it is the duty of the Governor in Council to approve and not to block the concession made by the province on its property, just as he should not block the concession made by an individual on his own property, unless the Dominion's own jurisdiction is affected and the Dominion Government fears interference with navigation.

Now, I must remark there, that one must look at the Navigable Waters Protection Act for what it is. It is a delegation of authority; it is the substituting or the creation of a tribunal or arbitrament of a dispute, a convenient way of providing the mechanics for settling whether certain rights may be exercised or not accordingly as they are or are not in—

The CHAIRMAN: On navigable streams.

Mr. WHITE: An interference with navigation.

Mr. LENNOX: It has the same effect as any other statute.

Mr. WHITE: Not quite.

Mr. LENNOX: Why not?

Mr. WHITE: It must be construed strictly.

Mr. JACOBS: All statutes are to be construed strictly.

Mr. WHITE: No.

Mr. LENNOX: Would you go to the Appellate Court and argue something that the statutes do not contend?

Mr. WHITE: No.

Mr. LENNOX: You might try, but you would not succeed.

Mr. WHITE: Of course, I never have.

Mr. LENNOX: You are more honest than I.

Mr. WHITE: Obviously.

Mr. LENNOX: That is why we retained you.

Mr. WHITE: What I say therefore, is, that if a statute of that kind, which obviously never was intended to confer upon the Governor in Council any authority to give away anything belonging to the Dominion, or to authorize the diversion of water even although it does or may interfere with navigation. In other words, the right to approve of certain works which may or may not impede navigation, does not authorize the Dominion to—

The CHAIRMAN: The Governor in Council.

Mr. WHITE: The Governor in Council to consent to a diversion—putting it broadly, to divert the water from a navigable stream such as this.

The CHAIRMAN: Your suggestion is that this authority is expressly within the jurisdiction of the Parliament of Canada, and this can only properly be done by a special Act of the Parliament of Canada.

Mr. WHITE: Yes.

Mr. JACOBS: Does Mr. White expect us to decide this question, Mr. Chairman?

The CHAIRMAN: I hope he does not expect me to.

Mr. WHITE: The Supreme Court would not decide it, and I do not see why we should not decide it here and show them the way.

Mr. JACOBS: It is asking this committee a good deal to request them to decide this highly technical question.

Mr. LENNOX: I suppose if you were appointed a judge you would not know more than you do as a lawyer?

Mr. JACOBS: I would not know as much.

Mr. WHITE: Then there was a considerable amount of discussion and Mr. Geoffrion made it quite clear that what they were seeking to do was to divert 40,000 cubic second feet, and after a good deal of discussion pro and con, in which my friend Mr. Forsythe took an active part, Mr. Geoffrion dictated an amendment to his first application, and I have it here. On page A 58 of the minutes of the hearing as they appear in Exhibit 22—just let me go back to page A-57 to catch the connection—the chairman says, “May I just call attention to this? We are not getting far with the objections from the navigation standpoint to the scheme proposed, the scheme under consideration. I think perhaps this will be satisfactory to everybody, and I hope it will be, that at the earliest opportunity, perhaps at lunch time, Mr. Geoffrion will do as Mr. Cardin has suggested, and as I understand he is agreeable to doing—put into writing what he states is the scheme he proposes, so as to let the gentlemen who wish to object

to have that before them in the subsequent discussion; and in the meantime we will proceed with the objections from the navigation standpoint to that scheme as it has been defined by him verbally."

Mr. GEOFFRION: May I suggest this? Could I dictate to the stenographer here what I will put in writing? And then he will transcribe it at lunch time and I will sign it for the afternoon, so that they will know exactly what it is. It is so easy! I have said it already a number of times.

The CHAIRMAN: I should think so.

Mr. GEOFFRION: It is not a very complicated thing. It will be very short.

(Dictating) The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the company between these two points; and any conditions that the government may exact, in any wording satisfactory to the government, involving that limitation, is accepted in advance by the applicant.

If words could be clear, what was actually being applied for was the approval of hydraulic development.

The CHAIRMAN: Just one question before we adjourn. Is this discussion taking place with respect to the amended application?

Mr. WHITE: It is the amended application. At the suggestion of Mr. Elliott, who was chairman, after a long discussion as to what this application really was. It was decided to put in writing just what the scheme proposed.

The CHAIRMAN: Then, Mr. White, Mr. Geoffrion's interpretation of it ultimately prevailed?

Mr. WHITE: It went into the Order in Council.

The CHAIRMAN: Went into P.C. No. 422.

Mr. LENNOX: What did he gain?

The CHAIRMAN: He gained—

Mr. MACKENZIE: We do not know yet.

Mr. LENNOX: Subject to this investigation, what did he gain?

Mr. WHITE: He gained the right from the Dominion to divert 40,000 second feet through this canal.

Mr. JACOBS: As the official adjourner, Mr. Chairman, I move we rise.

Committee adjourned until 2.30 p.m.

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## AFTERNOON SITTING

On resuming at 2.30.

Mr. MORIN: It might be interesting to the committee to complete the argument of Mr. White to add a few notes which I found in Exhibit No. 17, 804-1-D, from the Department of Justice; and this is what they say,

The only case approaching this in similarity where they have made an application to this department for approval of plans is the approval by order in council dated February 28, 1919 of the application made by the Hydro Electric Power Commission of Ontario for approval under section



7 of the Navigable Waters' Protection Act of the plan and description of the site of certain development works proposed to be constructed at the mouth and in the navigable channel of the Welland river which flows into the Niagara river at Chippewa above Niagara Falls, in the province of Ontario.

All similar works in Canada have been by charter and then they have had their plans for carrying out what they were permitted to do approved by this department and the Department of Railways and Canals, and the International Joint Commission in connection with the Michigan and Ontario Power Company.

The case most similar is the case of the Hydro Electric at Niagara.

Mr. MONTGOMERY: May I ask if this is a memo from the Department of Justice?

Mr. MORIN: From the Department of Justice.

Mr. MONTGOMERY: You are sure of that?

Mr. MORIN: Yes.

Mr. MONTGOMERY: It seems to be a copy of Mr. Hunter's letter to the Department of Justice. Are you sure that memo is not taken from Mr. Hunter's letter? Are you sure that is not an abstract from Mr. Hunter's letter?

Mr. MORIN: It is a legal argument, anyway.

Mr. MONTGOMERY: We have a letter here from Mr. Hunter and Mr. Hunter's letter includes an opinion from the Department of Justice.

Hon. Mr. MACKENZIE: That is on the record.

Mr. MONTGOMERY: It is a letter to the department; it is not one from the Department of Justice.

Mr. MORIN: I find it is attached to a memo of the Department of Justice.

Mr. MONTGOMERY: It is not a recital from Mr. Hunter's letter?

Mr. MORIN: Maybe. I quote this to inform the committee on certain facts, and on the point whether it comes from one department or the other, to my mind is not important. The importance is that it comes from a legal officer of the government.

Mr. MONTGOMERY: It does not come from a legal officer; it comes from the Deputy Minister of Public Works to the Department of Justice.

Hon. Mr. MACKENZIE: Is it signed?

Sir EUGÈNE Fiset: No.

The CHAIRMAN: As far as I can see it is a letter to the Deputy Minister of Justice who might have his own opinion.

Mr. MONTGOMERY: With regard to the lengthy argument of my learned friend this morning, I hope the committee appreciates we do not concur in his argument, and the fact that we have not replied should not—

Mr. LENNOX: I think the chairman will give you every scope.

The CHAIRMAN: Yes. There will be no misunderstanding about what went on this morning with respect to the position of counsel before the committee. I think it is the view of the committee that from time to time as counsel thinks it advisable to address questions to the witness the fullest opportunity will be given. The Committee is of the opinion that that ought to be done so that when our work is over we will be sure that nothing of importance is left out of the record. Of course, the committee will at all times have to determine questions as they arise as to their relevancy and usefulness, because we must get through this enquiry with the greatest possible expedition, and in that regard I offer the suggestion now to counsel that it is highly desirable in my view, and I think the committee concur in this, that we postpone in as far as

we can, any discussion on legal points until the evidence is fully disclosed and on the record.

Hon. Mr. MACKENZIE: Mr. Chairman, I am very glad to hear you say that. I was going to raise that question myself after luncheon. I think we are mainly concerned here with the finding of facts, and not the expression of any legal technicalities. That can very well be left until the evidence is all in.

The CHAIRMAN: There are too many lawyers in the room to come to an agreement.

Sir EUGÈNE Fiset: That is why we feel so diffident about it.

Mr. MONTGOMERY: I do not know that I am guilty of protracting this argument. My only question was about the plans, and what appeared in the plans.

Mr. K. M. CAMERON recalled.

*By Mr. Morin:*

Q. We have before the committee a copy of a plan annexed to the Order in Council, P.C. 422 which says, "A general plan of proposed development and typical canal section, being 40,000 c.f.s. diversion"—A. Yes.

Q. Well, I suppose this plan is also prepared in view of the diversion of the whole flow of the St. Lawrence?—A. The plan was filed when they made the original application, whenever it was.

Q. So the general application proposed to the Government to consent to the diversion of the whole flow? Is that so?

Mr. JACOBS: It says 40,000 c.f.s.

Hon. Mr. MACKENZIE: What I understood the witness to say was this, that this plan also called for 40,000 c.f.s. and the plan was filed when the original application of the company was filed and was subsequently altered?—A. That is my understanding, sir.

Mr. LENNOX: Subsequently what?

Hon. Mr. MACKENZIE: I understood Mr. Cameron to say that this plan was filed under the original application of the company which was subsequently withdrawn.

Mr. MORIN:- Amended.

The WITNESS: That is my understanding.

*By Mr. Jacobs:*

Q. When was this filed?

Mr. MORIN: This was annexed to the application.

Mr. JACOBS: The Order in Council?

Mr. MORIN: The Order in Council.

Mr. MONTGOMERY: I do not agree, with all due respect, with Mr. Cameron. My instructions are, he is not correct in that. I think we should have the plan here as filed.

Mr. MORIN: This is supposed to be a copy.

Mr. MONTGOMERY: It has 40,000 c.f.s.

Mr. MORIN: We dispensed with the filing of originals and this file is supposed to be a substitute for the original plan. The original plan was only for a diversion of 40,000 feet.

Mr. WHITE: Let us have no misunderstanding about this. Surely we can get at the facts. The original plan, as I understand it, called for a diversion of 40,000 c.f.s. Looking at the plan itself, how wide are the banks?

Mr. MONTGOMERY: 4,000 feet.

Mr. WHITE: The distance between the banks?

Mr. MORIN: 4,000 feet.

*By Mr. White:*

Q. Looking at that canal, what would you say as to whether its capacity is limited to 40,000 feet a second?—A. That canal sir, would not pass the full flow as shown by that section.

Q. You do not understand my question. My question was, what would you say as to whether that section of the canal that you are looking at, that cross-section of the canal— —A. Yes?

Q. Has a capacity greater than 40,000 c.f.s. at a flow of 2.25 feet per second?

Mr. MORIN: Velocity.—A. I would say it has a greater capacity.

*By Mr. Morin:*

Q. A greater capacity?—A. Yes.

*By Mr. Mackenzie:*

Q. Do I understand you correctly to say that that canal would not take the full flow?—A. No, sir.

Mr. WHITE: I did not get the question.

Sir EUGÈNE Fiset: Would not take the full flow.

Hon. Mr. MACKENZIE: He said "no."

*By Mr. White:*

Q. Now, in that connection, if it were 26 or 27 feet all the way across, and 4,000 feet— —A. I presume it probably would.

Q. And, of course, digging after the water is on is easier than it would be before, and dredging would be easier than digging with a shovel?—A. No. I do not think it would make much difference.

Q. You do not think it would make much difference?—A. No.

Hon. Mr. MACKENZIE: Was this the actual plan filed with the department? Can anybody clear up that?

Mr. MONTGOMERY: This is the plan filed with the application, and is the first plan, according to my instructions.

Hon. Mr. MACKENZIE: Twelfth July, 1928.

Mr. MONTGOMERY: The letter was dated 11th July, 1928. I have the letter.

Mr. WHITE: Is that to the Public Works department?

Mr. MONTGOMERY: The Governor in Council.

Mr. MORIN: Is this plan supposed to be a true copy of the first original plan?

Mr. MONTGOMERY: That is my understanding.

The CHAIRMAN: Does the witness know that?

The WITNESS: I have an appendix to the report of the Board of Engineers which shows the plan—

Hon. Mr. MACKENZIE: Committee of engineers.

The WITNESS: Committee of engineers. General plan of proposed development in typical canal sections, being 40,000 c.f.s. diversion, F. D. Brown, M.Sc. scale about 1,000 feet equals one inch, plans transmitted with letter 12th July, 1928, that was the plan of the committee of engineers.



The CHAIRMAN: Do we know this, whether there was a plan filed with the original application which was January 17th, 1928?

The WITNESS: I cannot tell you that offhand.

The CHAIRMAN: Who could?

Mr. JACOBS: Mr. Montgomery says it was.

Mr. MORIN: I was trying to clear up that. There was an agreement when Mr. Lemaire was here with the original plans—

Mr. WHITE: There were plans attached to the Order in Council, and it does not necessarily mean there were plans forwarded with the original application. However, Mr. Montgomery says that this was the first plan filed, and if he states that, I am willing to accept his statement.

Mr. MONTGOMERY: I have letters here. The letter in January says that, and according to my instructions these are the first plans.

Mr. WHITE: I am willing to accept Mr. Montgomery's statement, if he states that as a fact.

*By Mr. Morin:*

Q. Now, referring to this plan, we see the site of the intake to the canal. Has the department approved of the plans as to the intake of the canal?

Mr. WHITE: Which department?

Mr. MORIN: The Department of Public Works.

Mr. JACOBS: No, the Department of Railways and Canals.

The WITNESS: Public Works. I have recommended the approval.

*By Mr. Morin:*

Q. Has the Minister approved of it?

Hon. Mr. MACKENZIE: Let us hear the answer.

The WITNESS: I have recommended approval of the plans which were approved on August 30.

*By Hon. Mr. Mackenzie:*

Q. When did you recommend the approval?—A. That was about the 13th of November, 1930.

Q. No action has been taken, so far as you know?—A. Not so far as I know.

*By Mr. Morin:*

Q. Do you think it would be necessary to have a guard lock—?

Mr. WHITE: Just before we leave that, Mr. Morin.

Q. Just in connection with this particular plan, has anything been approved by the department?

Mr. MORIN: That is annexed to the Order in Council?

*By Mr. White:*

Q. That particular plan at which you are now looking has not been approved by you?—A. This plan has not been approved, not recommended for approval by me—the company filed its detailed plans—

Q. The plan in August, that was forwarded August 22, 1930?—A. Yes.

Q. Was approved by you in November?—A. Recommended for approval.

The CHAIRMAN: Wait a moment. Who approved of the plan attached to Order in Council 422, what engineer approved of it?

The WITNESS: No engineer approved of the plan, sir. recommended approval of the scheme.

*By Mr. Stewart:*

Q. With conditions?—A. Yes.

*By the Chairman:*

Q. Is this the plan you made reference to?—A. This is the plan the company reported to council.

Q. With Order in Council 422?—A. Setting out the general scheme, but it was not the completed plans.

*By Mr. Mackenzie:*

Q. The general plan?—A. The general plan.

*By the Chairman:*

Q. 12 detailed plans accompanied it?—A. Yes.

Q. You saw that?—A. Yes.

Q. You are the engineer of the Public Works Department?—A. Yes.

*By Sir Eugene Fiset:*

Q. They were not working plans?—A. No sir.

*By Mr. Lennox:*

Q. If they were not working plans, what were they?—A. The plans issued for the general overall scheme of development.

Q. What are they working under now?—A. Working according to the revised submitted plans.

Q. What are revised submitted plans, because they withdrew revised submitted plans?—A. No sir, they never withdrew them to my knowledge, the plans of August 22nd.

Q. Yes, they wrote a letter asking that the two plans be withdrawn.

Mr. MONTGOMERY: No.

Mr. LENNOX: Yes.

Mr. WHITE: The letter of July 29, 1929.

Mr. LENNOX: The only point was whether the original plan had been superseded. Certainly the plan of July and the plan of August were withdrawn.

Mr. WHITE: No, Mr. Lennox.

Mr. LENNOX: Two plans were withdrawn.

Mr. WHITE: That is not quite correct. I think I shall clear that up. What happened was, that on July 29th, 1928, a letter of that day—

Mr. MONTGOMERY: July, 1929.

Mr. WHITE: Plans were filed with the department. Those plans were by a letter of August 22, 1930, withdrawn, and subsequent plans which Mr. Cameron says he recommended for approval in November were filed with the Department of Public Works.

Mr. LENNOX: Where are they?

Mr. WHITE: I suppose they are here somewhere.

Mr. LENNOX: Because they have not been produced before the committee.

Mr. FORSYTHE: Yes, they were.

Mr. LENNOX: My understanding was that the three plans were withdrawn also.

Mr. MONTGOMERY: That is where Mr. McLachlan is mistaken.

Hon. Mr. MACKENZIE: We have not been corrected, yet. That is the impression of the committee, I am sure that the plans were withdrawn, both plans in 1929 and 1930.

Mr. WHITE: I think, Mr. Mackenzie, you will recall that part of the plan which was withdrawn was sent in August, 1930, it was withdrawn, not the general plan of the work of the canal, but the remedial works.

Mr. LENNOX: You have the letter there, let us read it.

Mr. WHITE: I have it?

Mr. LENNOX: There is no use arguing over it. Tell me what happened. Is the work being carried on?

The WITNESS: Well, sir, maybe I can put it in another way. These were plans on which the company submitted their application, which were examined by the committee of engineers and reported to the department. One of the requirements we asked for and which was incorporated in the Order in Council which was, file plans in more detail. They came along in 1929, that was in July, filed a set of plans. These were not approved. In August, I think it was August 22nd, 1930 they then filed another set of plans. That file withdrew the plans that they had previously filed for a section of the river below Lake St. Francis down to Lake St. Louis, remedial works in the river below to control works at the outlet of Lake St. Francis. The first plans that have to deal with the canal and with the control works at the outlet of Lake St. Francis and not anything before the department now for approval in regard to the river section of Lake St. Francis and Lake St. Louis. That is my understanding, and the condition upon which I made—

*By Mr. Lennox:*

Q. May I ask you if there is any other plan filed with the department other than the original of this copy which we have here?—A. Sir, I am referring to the plans that were filed in—

Q. I am asking you if there are any other files there. Are there any other plans filed in the department other than the original of the plan that you have before you? Are there any other plans approved, other than the original?—A. No plans other than—

*By the Chairman:*

Q. Other than the original of this one?—A. Yes, sir.

Q. This accompanied 422?—A. Yes, sir.

Q. The original of this plan accompanied 422?—A. Yes, sir.

Q. Together with 12 detailed plans?—A. Yes, 12 altogether.

*By Hon. Mr. Mackenzie:*

Q. Was the original of this plan approved by a committee of four engineers?—A. Yes, I would say it was, subject to the—

Mr. WHITE: I have told you many times the report speaks for itself.

Mr. MONTGOMERY: Mr. White, you have surely asked to interpret time and time again.

Mr. WHITE: Now, let us clear up this other matter, Mr. Chairman. The letter of July 29, 1929, is Exhibit No. 19, and it says this; it is addressed to the Minister of Public Works.

In pursuance of condition No. 11 of the order in council of the 8th March, 1929 (P.C. 422), approving the site and the general plans thereto annexed for the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now submitting for your approval 3 documents as follows—

Mr. LENNOX: That is section 11, the section which says, "no works can be commenced—



Mr. WHITE: Yes.

Listen to this, Mr. Chairman, if you please.

In pursuance of condition No. 11 of the order in council of the 8th March, 1929 (P.C. 422), approving the site and the general plan thereto annexed.

The document, Exhibit No. 2, to which you are referring, is it a blue-print of the plans which was annexed to the general plan, or one of the general plans annexed to the Order in Council, 422?—A. Yes.

Q. "For the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now submitting for your approval three documents or books as follows: Document No. 19; detailed plans of construction and information for the Minister of Public Works, etc. dated 9th May, 1929, containing memorandum of information and,—” and then there follows a certain number of drawings showing location of structures, preliminary cross sections through power house, and adjacent structures, preliminary cross section of power house, and so on. Now, I understood you to say that the plan which was submitted in this letter and which is here before the committee is a copy of it, and it was not agreeable to you, and you refused to recommend its acceptance or approval by the minister?—A. I did not find it wholly acceptable.

Q. You did not, as a matter of fact—A. Did not recommend approval.

Mr. MONTGOMERY: May I point out to the committee that that letter did not file these plans as superseding the plans attached to the order in council.

Mr. WHITE: That is what the letter says. But, as a matter of fact, my submission would be to the committee that in so far as they are different from the plans which are Exhibit 2, and which is the large plan we are now looking at, that it must necessarily be taken to have superseded the plan.

Mr. MONTGOMERY: That is an inference. The July plans did not supersede the original plans at all. That is the interpretation or expression my friend used before, that the plans of August 30th superseded the plans of July 29th, the detailed plans of July 29.

Mr. LENNOX: It superseded two plans. They asked to supersede the plans.

Mr. MONTGOMERY: No, the plan which was attached to the Order in Council.

Mr. LENNOX: Read the last sentence.

Mr. MONTGOMERY: We never superseded—

Mr. WHITE: The letter of July 29? The letter in which the expression superseding appears?

Mr. LENNOX: Yes

Mr. WHITE: August 22, 1930. "We shall be glad at any time to send a representative to furnish any further information or explanations which you may wish to have." This is a letter of July 29, 1929. The documents listed above are intended to supersede this sentence in that letter.

Mr. MONTGOMERY: We are arguing about nothing at all.

Mr. WHITE: We get quite a wrong impression.

The CHAIRMAN: The way I took it down is this, from the description of Exhibit 18, letter dated 22nd, 1930, from the Beauharnois Company to J. B. Hunter, plans attached substituted for former plans accompanying letter of July 1929.

Mr. WHITE: Yes, that is perfectly correct.

Mr. LENNOX: I do not think you are right there.

The CHAIRMAN: I may not be, but some witness said so.

Mr. WHITE: The letter says it.

Mr. LENNOX: My recollection is they did not supersede the original plans.

The CHAIRMAN: What were they filing the plans for, for fun?

Hon. Mr. MACKENZIE: The Order in Council calls for it.

Mr. JACOBS: It was a modification of the plans. It is a mere play on words, that is all it is.

The CHAIRMAN: There was a change from the other plans or they would not have filed them.

*By Hon. Mr. Mackenzie:*

Q. May I ask this question, with the Chairman's permission: What is the difference, as far as your recollection goes, between the plans filed in July, 1929, and that plan you have there before you.—A. There was a slight difference in the location. There was a difference in the type and method of proposed embankments,—not so much difference as an enlargement. This 1929 plan did not show, or practically showed nothing in detail about the embankments of the canal at all.

Q. Did you anticipate, when you submitted or approved of that plan you have now in front of you, that it would be necessary to submit ancillary or detail plans subsequently?—A. Yes, sir.

*By Mr. White:*

Q. And this would necessarily involve some modifications of the plans filed with and attached to the Order in Council?—A. Yes, sir.

Q. For instance, you say the location was somewhat slightly changed. I understand the mouth of the canal or the intake of the canal was changed about a mile in a northerly direction.—A. I do not know that that change took place wholly between this plan and the 1929 plan. It is shown more fully on the 1930 plan.

Q. Well, ultimately.—A. Ultimately.

Q. And that the width was reduced from 4,000 to 3,300 feet?—A. Yes, sir.

Q. That is, the width between the embankments?—A. Yes, sir.

Q. And that the character of the embankments was changed?—A. The method of construction.

Q. The character of the embankments is what I said.—A. The character of the embankments, I presume it would be quite proper to say there was a change there.

Q. And in the later plans, either the 1929 or the 1930 plans, it was changed, widened, and the form of it was changed?—A. Yes, sir.

Q. What was the original proposal as disclosed by the plan which you had in front of you for the construction of the embankments?—A. There is very little information given.

Q. So far as you have it in front of you is the question.—A. Practically nothing at all.

Q. How wide does it show?—A. It shows it 4,000 feet.

Q. How wide is the embankment?—A. It does not give any specific information about that.

Q. Are the embankments shown at all?—A. If you take those two representing the proposed embankments shown—

Q. When you say "those" you refer to what look like two towers on each side of the cross-section of this plan?—A. Yes, sir.

Q. That is, the cross-section of the canal, the one lower down on the plan?—A. And the upper one also.

Q. This, of course, obviously cannot be a completed embankment, because there must be some means of supporting those pillars which do not look to be

more than a few feet wide and twenty or thirty feet high.—A. Well, that is a matter of scale, sir. You see, from outside to outside there are 4,000 feet and on a vertical scale it is about 10 feet. It is distorted.

Q. Quite so; but how wide are those embankments shown to be according to that plan?—A. Well, that would be a matter you would have to estimate.

Q. Well, I am asking you to do that.—A. It would look to be, sir, about 100 feet wide.

Q. And how high?—A. The top height is at elevation 158, the top of the embankment.

Q. How high would that be above the ground line?—A. At this section about 21 feet. That is the maximum shown on the section.

Q. And, as a matter of fact, according to the way in which they are now being built the embankments are something over 200 feet wide, is that correct?—A. I think they are wider than that.

Q. Something over 200 feet wide?—A. Nearer 300 feet.

Q. And they are built now by building two earth embankments and filling in between those with sand dredge?—A. Yes, sir, hydraulic pipe line dredge.

Q. Which takes the material from the bottom of the excavation and dumps it into this trench which is made by those two embankments?—A. Yes, sir.

Q. And it dries out and forms embankments?—A. Yes, sir.

Q. And that is the way it is being built?—A. Yes, sir.

Mr. WHITE: That is all from Mr. Cameron.

*By Mr. Lennox:*

Q. Have you been down to the works, Mr. Cameron?—A. Oh, yes.

Q. And are you in charge of the works?—A. Well, for the Public Works Department. I presume I am in charge of the engineering, yes sir.

Q. Well now, the work of course is in progress and a lot of men are being employed?—A. Yes, sir.

Q. Is the plan under which they are working, or has the plan under which they are working been approved either by the Governor in Council or by the Minister of Public Works, or by any person else?—A. No, sir. I have recommended the plan.

Q. Quite so.—A. Of the regulating works at the foot of Lake St. Francis.

Q. Following out what you say, what plan have you recommended?—A. The plans filed under date of August 22, 1930.

Q. But they are withdrawn.—A. No, sir.

Mr. WHITE: Part of them were.

Mr. MONTGOMERY: They were not withdrawn, Mr. White. You have made that statement repeatedly.

Mr. WHITE: I understood from Mr. McLachlan that they had been withdrawn.

Hon. Mr. MACKENZIE: And so did I.

Mr. WHITE: And that there were now no remedial plans in either department, certainly in your department, for consideration.

The WITNESS: That is quite correct so far as the remedial works in the river below Lake St. Francis are concerned, there are no plans before the department, at least officially, for approval.

*By Hon. Mr. Mackenzie:*

Q. Are there detailed plans in regard to the general construction which you have recommended.—A. Yes, sir.



*By Mr. White:*

Q. Do they include the remedial works.—A. Not of the remedial works in the river section below Lake St. Francis.

Q. What do they include.—A. The works at the outlet of Lake St. Francis and the works in the canal from Lake St. Francis down to and through the power house and into Lake St. Louis.

Q. And how are you interested in how this canal is constructed.—A. Well, sir, under section I think it is 5 of the Order in Council and one or two other sections, the canal is ultimately at the discretion of the government possibly to become a navigation waterway.

*By Mr. Jacobs:*

Q. It is to be turned over to the government?—A. It is to be turned over to the government.

*By Mr. White:*

Q. So that the government is vitally interested not only in the plan but the manner of construction?—A. I take it so.

Q. And the character of it, I mean as to the workmanship, and so on?—A. Yes, sir.

Q. And, for that reason, your department is following it closely and getting periodical reports as to the progress of the work?—A. Yes, sir, consulting with the technical representatives of the company to secure the best possible work.

Mr. LENNOX: The government could be censured, possibly, for having people down there for all they do.

*By Mr. Jacobs:*

Q. How many government employees are down on the works now.—A. One.

Q. That is, from your department.—A. Yes, sir.

Q. From the Department of Public Works.—A. Yes, sir.

*By Mr. White:*

Q. There have been a great many more there, however.—A. Not resident on the works, sir. We have visited it from time to time. The work has been visited by regular government employees.

Q. It seems to me I have seen reports from a good many people.—A. They may have gone down from headquarters at my direction from time to time.

*By Mr. Jacobs:*

Q. But your department has complete supervision of the works as they proceed?—A. Yes, sir.

*By the Chairman:*

Q. Mr. Cameron, what date—if you can recollect it—was it you recommended for the approval of the Governor in Council the plan that the company is now working to?—A. About the 13th of November.

Q. Last year, 1930.—A. 1930.

Q. What date did the work actually start.—A. Well, they commenced in the fall of 1929 to assemble their plant.

Q. I mean the actual digging.—A. I cannot give you that actual date, sir.

*By Mr. White:*

Q. Could you by reference to your file?—A. No, I cannot give the actual date. I know it was in the spring of the next year.

*By the Chairman:*

Q. When were the plans that the company is now working to first submitted to you?—A. They were submitted formally on the 22nd August, 1930.

Q. They had been working for some time before that.—A. Yes, sir.

Q. On the plans that they are now working to.—A. Yes, sir.

Q. Now, when were those plans first submitted to you.—A. In August, 1930.

Q. Therefore, is it fair to take it that the company was actually at work on this scheme working to plans before you had ever seen the plans that they are now working to?—A. I do not think in fairness to the company it is quite right to say that. Mr. Chairman. An engineering project of that magnitude requires considerable engineering study and, if I may say it, the best engineering ability that can be brought together to secure the most acceptable work that is reasonably possible. Now, we have been consulting with the technical representatives of the company, discussing the types of construction.

Q. Let me put my question a simpler way. I thought it was plain enough. Am I right in assuming that the company actually started in on the work according to the present plans before you had seen the present plans?—A. Yes, sir.

Q. That is right?—A. That is right; but not before I had knowledge that they were in course of preparation.

Q. Someone had imparted to you that plans were in course of preparation?—A. Yes, and we had discussed details.

Q. Who with?—A. With Mr. Scovill.

Q. Was he an engineer employed by the Beauharnois company?—A. Yes, sir.

Q. Am I fair then in saying this, that the company went ahead working to the present plan on the assumption that you would ultimately approve of it?—A. I assumed that we would ultimately reach an agreement as to what plan could be recommended.

Q. But they were working to the present plan?—A. Yes, sir.

Q. Then am I fair in assuming that the company went ahead with their work working to the plans they are now working to on the assumption that you would ultimately approve of them?—A. Yes, sir.

Mr. WHITE: The Minister would, Mr. Chairman.

The CHAIRMAN: He cannot go into the Minister's mind for it.

*By the Chairman:*

Q. And, in fact, you did ultimately approve of the plans that were submitted to you by the Beauharnois company?—A. Yes, sir.

Q. In August sometime of last year?—A. Yes, sir, I recommended that.

Q. And the approval has not been granted yet?—A. No, sir.

Q. Did you, after reviewing the plans that you recommended in August, 1930, make any changes on the plans that were submitted to you for approval?—A. No, the changes were made,—there were some changes made subsequently to August 22, 1930.

Q. Let us get this right. On August 22, 1930, certain plans were submitted to you as the engineer, for approval?—A. Yes, sir.

Q. And you approved of them?—A. No, sir, not until November.

Hon. Mr. MACKENZIE: November 13.

*By the Chairman:*

Q. What changes did you make on the plans that were submitted to you on August 22, 1930?—A. One change I recall quite distinctly was the junction of the canal proper with Lake St. Francis. There is now a dyke, the so called Hungry Bay Dyke. The outlet to the company's plant, showed the 3,300 foot section extending out into the Dyke with nothing from bank to bank. That is

practically a full diversion. I said, my authority is limited in two ways, to the 40,000 cubic feet second diversion and to the 600 foot navigation channel 22 feet deep—

*By Mr. White:*

Q. 27 feet?—A. 27 feet deep, and so far as that is concerned any plan that comes to me for approval will show that and no more.

*By the Chairman:*

Q. Well, now, did the plans that you approved show just that and no more?—A. Yes, sir. I would not recommend it otherwise.

Q. But did not they show the banks much wider than that, the plans you approved?—A. They showed, on the land part, the banks 3,300 feet apart.

Q. Do not the plans that you approved indicate that there will be an overflow over all that land between the banks?—A. Oh, yes.

Q. Is not that a departure from what you say your authority was?—A. No, sir.

Q. It was in your contemplation that that overflow between the banks would take place?—A. Oh, yes.

Q. Why was that?—A. Well, that was on the company's own land and did not conflict with the 600 foot navigation channel, which was 27 feet deep, as provided, and it did not permit any greater diversion than the 40,000 cubic feet per second.

Q. And from a purely engineering standpoint, you concluded that that was the best method of construction, to have the water overflow between the banks in the wider channel?—A. Well, I did not deal particularly with that. All I wanted was to be sure that the water would stay within those banks, and that a boat could navigate up and down the 600 foot channel.

*By Hon. Mr. Mackenzie:*

Q. You are not looking at the power features at all, only the navigation features?—A. I do not pose as any specialist in power matters. I was concerned with the navigation features.

*By Mr. Lennox:*

Q. I cannot understand the present plan which you are working on, where is that plan?—A. I presume it is filed, sir.

Mr. WHITE: Perhaps, Mr. Lennox, if you would ascertain from the witness whether when the alterations were made in the plans which were submitted to him on August 22, 1930, new plans which were subsequently submitted which he did approve embodying the change, amongst others, which he has now spoken of.

*By Mr. White:*

Q. What do you say as to that?—A. Yes, that is so.

Q. So that what you approved of, Mr. Cameron, was not the plan exactly which was submitted to you by the company on August 22, 1930, but those plans embodying certain changes which you suggested.—A. Yes, sir.

Q. And new plans were prepared embodying your suggested changes.—A. Yes, sir, bearing the date of August 22, 1930.

*By Mr. Lennox:*

Q. Now, then, they are working under a plan which we have not seen.

Sir EUGÈNE Fiset: It is on file though.

The CHAIRMAN: It is filed.

The WITNESS: Yes.

Mr. LENNOX: I thought they withdrew those two plans.

Sir EUGÈNE Fiset: They withdrew the remedial works plans.



*By Mr. Lennox:*

Q. I would like to know the date of the plan that you are working under.—

A. The plan bears the date of August 22, 1930.

The CHAIRMAN: That plan is Exhibit No. 18.

Mr. WHITE: But that is not the plan which he approved. According to the witness, he approved of that plan with certain modifications, and another later plan, he says now, if I understand his evidence correctly, was prepared and presented which he did approve.

The CHAIRMAN: Well then, we have not got that plan.

Mr. LENNOX: No.

Mr. WHITE: I have not seen that plan.

Hon. Mr. MACKENZIE: I understood to the contrary. I understood that the plan which was recommended for approval by the chief engineer was a plan which does bear the date 22nd August, 1930.

The WITNESS: Mr. Chairman, under date of August 22, 1930, the company submitted this booklet of plans. There were a number of changes in those plans that I required to be made, the one I mentioned to you of the intake from Lake St. Francis. Another one was that more detail ought to be supplied of the power house or the control works in the power house. There was not enough information given there to be able to say that the sluices in the power house were capable of controlling the 40,000 second feet required by the Order in Council. Instead of putting this all to one side and coming along with another letter filing more plans I said, Go and get those plans altered and show this information and bring them back, and we will file them as these plans of August 22, 1930.

*By Mr. White:*

Q. Now, have we got it that the plans that actually are on file as of August 22, 1930, that is, Exhibit No. 18, are the actual plans to which the work is being constructed.—A. I believe so.

Mr. LENNOX: Is that right.

Mr. WHITE: Let us be sure of it.

Mr. JACOBS: With certain modifications.

Hon. Mr. MACKENZIE: No, they embody the modifications.

Mr. JACOBS: I am thinking of the interregnum between August and November when he finally recommended; they dated them back.

The WITNESS: Now, this embankment and that embankment—

Mr. WHITE: That does not mean anything on the notes.

The WITNESS: The north embankment and the south embankment at their junction at the Hungry Bay Dyke or the east shore at Lake St. Francis had nothing in between to show that there was any shore line, and that the water would come right down there and have free entry into the full width of the canal. My instructions, according to the Order in Council were that they are permitted to have a canal 600 feet bottom width, 27 feet deep, and that they are permitted to pass through the power house 40,000 cubic feet per second, and you have got to have that canal down there. I said, I think it is open to question whether you have any power to interfere south of the south side of the 600 foot channel. I said, you have got to show that dyke there between those points, and see that it is shown.

Mr. WHITE: There is no breach shown on that plan at all.

*By the Chairman:*

Q. Where is there any breach of the dyke at Lake St. Francis.—A. I would take it, sir, that this shows a breach in the dyke, once the conditions were met—

Q. Well, if you are right in that, is that a breach in the dyke that would admit the amount of water they were entitled to draw from the river.—A. Yes, sir.

Q. How can you tell from that plan.—A. I know it is 600 feet wide and 27 feet deep here.

Q. How wide is the breach that is shown on the plan.—A. It is supposed to be 600 feet.

*By Mr. White:*

Q. Will you explain to the committee, please, what there is on that plan that shows a breach in the dyke.—A. To my mind, the prolongation of these lines through there.

Q. The prolongation of the lines indicating the sides of the 600 foot channel?—A. The navigation channel, yes, would indicate the acceptance of that plan as permission to breach that dyke.

Q. Of course, as a matter of fact, the Public Works Department have no authority to authorize the breach of that dyke.—A. No, sir, it had not. The Governor in Council had.

*By the Chairman:*

Q. Would it not show it better if there were no lines between the 600 foot banks? Would not that indicate it plainer, to your mind?—A. It would, sir; but there was this reservation, that the remedial work required below, the remedial work which lies approximately from here to the north shore, those works are included here, but none of the works to maintain river navigation down here (indicating on plan) are included on this set of plans.

Q. A few moments ago you told us that you would not approve of these plans as they were first submitted because at the outlet at Lake St. Francis the plan did not show any marking that would indicate that the company were not entitled to the whole free flow between the banks, as indicated on the plan.—A. Yes, sir.

Q. That it had no line there at all.—A. Yes, sir.

Q. Now then, you say that because there is now a line between the ship canal—as we may call it—the banks of it, that that indicates to you the very opposite.—A. Well, no sir, rather that the dyke which was not shown there is now shown to remain in place.

Q. Quite true, but the rest is shown also. I am suggesting to you that if your first statement is correct—and I am not suggesting that it is incorrect from your way of thinking—it would disclose that much more plainly on the plan if there was no line between the banks. What is this?—A. That is the dyke.

Q. Well, between the channel.—A. Yes, sir, I quite agree with you.

Q. You see, there is not much reason then for you working it out that way.—A. The matter might be better explained if that report of mine making the recommendation were produced.

*By Mr. White:*

Q. Have we got a report?—A. Yes, sir.

Q. We will go to that then.

*By Mr. Stewart:*

Q. That shows 600 feet all the way through.—A. Yes, sir.

Q. Where is that south bank.—A. This is the south dyke over here, sir. That is the existing work crossing at a bad angle and they propose to divert it.

*By Mr. White:*

Q. Before we leave that, Mr. Cameron, I take it that it is unquestioned that the dyke and its management and control are under the Department of Railways and Canals and not under the Department of Public Works.—A. Yes, sir.

Q. So that any approval of yours would not affect the rights of the Crown in that dyke?—A. No, sir, no approval by myself.

Q. Or by your Minister?—A. It would have to be by Order in Council.

Q. Then you spoke a moment ago of your report, and I see a copy of it in the file under date November 13, 1930.—A. Yes, sir.

Q. That is your report?—A. Yes, sir.

Q. It is fairly long. A. Well, it is mostly quotations from the Order in Council.

The CHAIRMAN: Is that the report that we had read here.

Mr. WHITE: This is the report and the recommendation of the approval of the plan dated August 22, 1930.

The CHAIRMAN: I suggest that it be printed and we will see it to-morrow. It will save a lot of time. It is rather important and it should go in as part of to-day's proceedings.

Mr. WHITE: Yes, I think so.

The CHAIRMAN: We could have it mimographed, if it is desired.

Mr. JACOBS: I move that the report of Mr. Cameron be copied and incorporated in the record of to-day. (*Printed as Appendix*).

Mr. WHITE: It is between pages 106 and 107, consisting of 6 pages, dated November 13, 1930. There is just one paragraph, a short one, which I think perhaps it might be of advantage to call to the attention of the committee at the present moment:

....the Company submitted, with its letter of July 29, 1929, detailed plans of its proposed works, for approval by the Minister.

The plans as filed were discussed in considerable detail with the engineers representing the Company, and in consequence modifications have been incorporated in the revised set of plans of which approval is asked by the Company's letter of August 22, 1930.

Sir EUGÈNE Fiset: That is exactly what he said.

*By Mr. Morin:*

Q. Have you before you for approval any plans for the bridges over this canal?—A. Yes, sir. We have some plans before us. In the report I say the plans for the bridges will be submitted and dealt with in a separate report but the Company has not completed its application to our satisfaction in respect to the bridges, and we are not in a position to report yet.

Q. Have you the plans before you for approval?—A. Yes, sir.

*By Sir Eugène Fiset:*

Q. Does that apply also to the plans of the remedial works that the company withdrew after you took some objection to them?—A. The objection to the remedial works, that is, exclusive of the works here (indicating) was taken exception to by the committee of engineers originally, and that exception has not been met yet.



*By Mr. Morin:*

Q. Could you state if the embankments are constructed according to the standard rules of the Joint Board?—A. I was unable to find any definition or specification of embankments in the Joint Board of Engineers Report, and I said, in my report which you have, that the embankments are being designed to meet the particular conditions where it is a question of the disposal of a great quantity of material. In other words, take a lot of material to be disposed of you form it up in massive embankments.

Q. Do you think there should be a guard lock at the end of the canal?—A. I do not consider that is essential.

*By Mr. Lennox:*

Q. Do you disagree with Mr. McLachlan there?—A. I disagree with Mr. McLachlan, yes sir.

*By Mr. Morin:*

Q. No necessity whatever.—A. I do not see the necessity.

*By Mr. Lennox:*

Q. Suppose something goes wrong with the banks, how are you going to protect this canal?—A. First of all, I do not think anything will go wrong with the embankments.

Q. What is the object of a guard lock?—A. There is a slight difference in elevation. Mr. McLachlan said this morning if you put gates across of course they form an obstruction. The water in the lake is at a slightly higher elevation than the water down here (indicating on plan) and you would have to put a lock there.

*By Mr. Jacobs:*

Q. You were the Chairman of this Joint Committee, or this Committee of Engineers, were you?—A. There was no Chairman, sir.

Q. I understood Mr. McLachlan to say you were the Chairman.

Mr. LENNOX: His name came first.

*By Mr. White:*

Q. Just one more question, if I may. You noticed condition 11 of the Order in Council, or have you it in mind that it provides for approval of the plan before the commencement of the work? Was that in accordance with the recommendation of this committee of departmental engineers?—A. My recollection is, Mr. White, that that was the recommendation made by our committee of engineers.

Q. Why did you recommend that?—A. We had primarily in mind, of course, the works in the St. Lawrence river.

Q. Well, not primarily because the other was just as important.—A. The other is just as important but it has absolutely no effect upon navigation.

Q. It is going to be a canal which is going to be navigable?—A. Surely.

Q. I should think that would have been of equal importance, perhaps prior importance, because it was going to be the ultimate means of getting from Lake St. Francis to Lake St. Louis and back again.—A. Yes. Well, I think I can illustrate that by one feature. It brings up the question of embankments. The company in its original 1929 scheme submitted nothing at all as to its method of construction of the embankments. In 1929 they submitted a scheme for the construction of two dykes and then to fill in with the dragline scrapers more material in between those, having first of all done as usual, scraped all the humus and digging a trench. We, in our visits to the work, and from our

knowledge of the particular characteristics of the soil there, discussed with them whether that was a satisfactory method and likely to produce as good results as other methods. We met them on several occasions and looked it over, and walked up and down the dykes and we concluded, from the information and the opinion of the engineers that we met, that a better method of construction would be to form up two embankments and fill them in with the hydraulic pipe line dredge in layers. That is an engineer's way of evading your question.

Q. Unfortunately, I cannot leave the matter quite there. What I want to get at is why you as engineers representing the three departments intimately concerned in this matter, should require that the plans for the canal should be approved before the work was commenced, which is the condition 11 that I am referring to.—A. I really have not any particular answer to give to you on that, Mr. White. It was a general condition that applied to all the works.

Q. Well, may I suggest the reason to you?—A. Yes.

Q. It was because both as regards the navigation canal and the withdrawal of 40,000 cubic feet of water from the St. Lawrence river, you were just as much concerned in that end of the project as you were in the remedial works which would be placed in the river.—A. Yes, we were concerned in that.

Q. Is that the reason?—A. I suppose it is as good a reason as has been given.

Q. Was it the reason that was present in your mind at the time?—A. I cannot say.

Q. At any rate, you thought it was in the interest of your department at least that that should be done, that is, that the plan should be approved before the work be commenced.

*By Hon. Mr. Mackenzie:*

Q. When you heard that the company was constructing certain works along the site of the proposed canal did you consider they were carrying on work in contravention of the terms of the Order in Council, condition 11?—A. Well, it was a question in my mind whether a literal interpretation of condition 11 was being contravened. I did not think anybody's ox was being gored except the company's possibly.

*By the Chairman:*

Q. I do not follow that, Mr. Cameron. You refer to a literal translation of condition 11. Surely you do not need to torture language as it is used in condition 11 to understand it:

The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister.

You do not need to apply any literal application to that language. It is so plain that a child would understand, is it not? Is it not very plain.—A. There is no doubt about that.

*By Hon. Mr. Mackenzie:*

Q. My question was this, when you heard that the company was actually proceeding with the construction work along the site of the proposed canal did you consider—and you were the engineer in charge—that the work they were carrying on was in contravention of the terms of the Order in Council, section 11?—A. Yes.

*By the Chairman:*

Q. Of course it was. Is it not very obvious that it was?—A. I think there is no doubt about it, Mr. Chairman.

Q. You do not have to apply any literal translation to that?—A. No. Only, in the actual carrying out of works of this magnitude,—I might explain: The work that is going on at Chats, the company goes ahead and applies for approval of its works and complies with the conditions very similar to these. They go ahead and start the work before the actual approval is granted.

Q. You think, in other words, that the larger the operation or project, the less care need be applied?—A. Not at all, sir.

Q. Why do you put it in such a way as to suggest they did not have to do these things.—A. I certainly did not intend putting it that way.

Q. That is the way I gathered it.

*By Hon. Mr. Mackenzie:*

Q. When you found out they were proceeding with the construction could you have stopped them at all? Did you take any legal opinion?—A. No, sir. I have not any doubt but what we could stop them.

*By Mr. Lennox:*

Q. Could you suggest any words that could be added to condition 11 that would make it clearer than that no work was to be commenced in connection with the whole project than that the plans be submitted and approved?—A. No, sir.

*By the Chairman:*

Q. Why did you put condition 11 in there at all? Why did you not leave it out?—A. Well, sir, we wanted to make the thing just about as stringent as we could, so that we always could have the whip.

The CHAIRMAN: This is just for future guidance: Do not make things stringent at all, if they are not to be lived up to. You might just as well leave them out.

*By Mr. Jacobs:*

Q. What work really has been commenced in that connection which they should not have commenced? Is it preliminary work, or something of that kind?—A. The company, of course, started in to get their construction equipment on the ground.

*By Mr. White:*

Q. That was in the fall?—A. That was in the fall of 1929.

Q. They started to dig in the spring of 1930.—A. They started to dig in the spring of 1930, and they had their hydraulic dredge on the ground and they started working up at the west end, working in an easterly direction, the Lake St. Francis end they had some of their tower excavators in place and cast up the earth into embankments.

*By Mr. Jacobs:*

Q. Was not that preliminary work before they actually got down to brass tacks?—Well, it was part of the ultimate work.

Q. Yes, but it had to be done before the other work was commenced, I suppose. I want to know if this was not preliminary work, getting their plant into shape, and so on?—A. Getting their plant into shape, of course, was preliminary work.

*By Mr. White:*

Q. You would not call digging a preliminary work though?—A. No.



*By the Chairman:*

Q. They say that if the spade work is well done you usually can accomplish any purpose. Mr. Cameron, again with reference to the width of the canal that is shown in the plan that is before you, is it fair to assume that the canal is shown with the width it has and the banks located where they are,—is it fair to assume that they are built that way because of the ultimate hope of the company that they will divert the flow of the St. Lawrence river.—A. I have always had that in mind.

Q. Well now, I do not know that we need to anticipate this or labour it at length, but can you shortly tell the committee, if the whole flow of the river were turned through the canal would it be a sound navigation canal.—A. I see no reason why it should not. I consider that the whole flow could be turned through the canal, that is, the whole regular flow and that navigation could be carried on very properly.

Q. And would you care to go so far as to say that you would approve of such a scheme as part of the navigation of the St. Lawrence river.—A. Yes, sir, I would go so far as to say that.

*By Mr. Jacobs:*

Q. That is, diverting the St. Lawrence river at that point.—A. Yes, sir.

*By the Chairman:*

Q. And that is the scheme that if you had sovereign powers to determine you would approve of for the navigation of the river.—A. Oh, yes.

Q. At that point.—A. Yes.

Q. How would you get around the bridges.—A. Well, the bridges as required by the Departmental Committee or Committee of Engineers, implies spans over the canal.

Q. Do you think that is desirable for navigation.—A. They certainly will have to take the bridges out of the way of the boats.

Q. What about the velocity of the water.—A. The velocity of the water is quite, to my mind, permissible in a canal of that width.

Mr. WHITE: May I develop that, Mr. Chairman.

The WITNESS: A channel of that width, I should say.

*By Mr. White:*

Q. The velocity is  $2\frac{1}{4}$  feet a second?—A. Yes, sir. That was set by the Committee of Engineers.

Q. Is it not a fact that there may be some difficulty in navigating a boat astern in certain wind conditions, having regard to the 3,300 foot width of a current with that velocity?—A. I do not anticipate any, Mr. White.

Q. Is it not a fact that the upper stretches of the canal are in hard pan where an anchor will not catch?—A. No, sir. I would think that that section about here (indicating)—I think that is the hard pan section, and I think that an anchor would hold up there fairly decently.

Q. Is not that something that navigators would know more about than engineers?—A. Not necessarily.

Q. Well ordinarily.—A. That is a hard pan bouldery formation.

Q. If the anchor fails to catch under conditions of that kind there may be disaster, and if the drawbridge fails to open, is not that a fact?—A. That is a remote contingency that I do not admit is reasonably possible, sir.

Q. No, but if the possibility exists the danger exists.—A. Of course, if the possibility exists the danger exists.

Q. And in navigation of this kind it would be desirable, would it not, that there should be as few drawbridges as possible?—A. Well, yes.

Q. In the interests particularly of navigation?—A. Yes, sir.

Q. And if another scheme could be evolved which would lessen the number of drawbridges, to that extent at least the other scheme would be preferable?—

A. Yes, sir.

Q. It might have other disadvantages?—A. Yes, sir.

*By the Chairman:*

Q. Just at that juncture, what you are gambling on, Mr. Cameron, is that the anchor will always hold?—A. Well, no. I presume what Mr. White has in mind is a boat that is downbound because an upbound boat is always under control; but if a boat is downbound we want to have assurance that the bridge is open before it gets within navigating distance of the bridge that is, if it is 2,000 feet above and the bridge has not shown that it is going to open, the boat wants to be able to stop.

Q. And anchor?—A. Anchor, or tie up to the bank.

*By Mr. White:*

Q. And in that connection, your approval and your report as to the original application, I mean the application which was approved by Order in Council P.C. 422 provides for certain crib work along the side to which a boat may tie.—

A. That has been suggested, yes sir.

Q. Is it not provided for?—A. It is suggested in the Engineering Committee's report.

Q. And has been provided for, has it not?—A. There is no provision yet.

Q. Well, have not certain wharf sites been approved?—A. Well, that is an entirely different thing.

Q. That is a distinction.—A. Yes, sir.

Q. Then this cribwork is recommended so that a boat may be able possibly to tie up instead of anchoring?—A. Yes, sir.

Q. As an additional precaution?—A. As an additional precaution.

Q. Then the danger is anticipated, is it not, by reason of the very precautions, as indicated?—A. Oh, yes.

Q. Then there is provision in the Order in Council also that certain lands be conveyed to the Crown for the purpose of wharfage.—A. Yes, sir, we have sites.

Q. And an application has been made to the department for those wharf sites.—A. I think the situation is that the wharf sites have actually been conveyed to the Crown in the right of the Dominion.

Q. Certainly they have been approved if they have been conveyed.—A. Yes, sir.

Q. And I show you a plan, Exhibit No. 6, which shows certain land in red.—A. These are the lot numbers.

Q. I ask you whether the ones which I point out to you—A. These are the lot numbers, as I say.

Q. Parts of lots 130 and 134, parts of lots 336 and 334, parts of lots 7, 8 and 9, parts of lots 68, 69 and 72, parts of lots 488 and 489, parts of lots 348 and 349, and parts of lots 344 and 345, and you say that your impression is that these have been conveyed to the department. Now, I point out to you that these wharves are according to this plan 3,300 feet apart measured across the canal.—A. Yes, that is correct.

Q. You agree?—A. Yes.

Q. And that only those on the north side of the 3,300 feet are in deep water?—A. That is, adjacent to the proposed channel.

Q. And that the others are some 2,700 feet away from the channel?—A. Yes, sir.

Q. And cannot be reached by any boat drawing more than a couple of feet of water.—A. At the upper end, that is quite right.

Q. Excepting the one at the extreme east.—A. Probably that one.

*By Mr. Jacobs:*

Q. How do they propose to get deep water for those other wharves on the south side?—A. Well, sir they are not wharves, they are wharf sites. There is quite a distinction. In the event of a development taking place here which would require a wharf at that location, it would not be a particularly difficult matter to join that up, providing the company did not itself locate a wharf and an industry here adjacent to it.

*By Mr. White:*

Q. So providing the whole 3,300 feet were dug deep enough to take the whole flow of the river to an approximate depth of 37 feet then those wharf sites might become useful in that event.—A. It is a contingency.

*By The Chairman:*

Q. Do you suggest, Mr. Cameron, that the wharf sites on the south side of the river, as indicated in red, are put there to provide slipways from the present deep channel for boats to go in there?—A. Yes, in the event of it being wanted.

*By Mr. Jacobs:*

Q. It could be done at comparatively small cost, I suppose?—A. It would not be a particularly expensive matter.

*By Mr. White:*

Q. And you would have to have it wide enough for a boat to go in and turn and that across a cross current downwards of  $2\frac{1}{4}$  feet per second?—A. No, sir. There is the limit.

Q. Why not?—A. The current in the navigation channel is limited to a maximum of two and a quarter feet per second, but over there it would be decidedly less.

Q. But in order to get out of the 200 foot channel, the boat has to turn in the channel which you have suggested?—A. Certainly.

Q. And in the portion which the boat has to turn in, the 600 feet, it would be in the current downwards of two and a quarter feet a second?—A. Yes.

*By The Chairman:*

Q. Would not that be a very difficult piece of navigation?—A. I do not think so.

*By Mr. White:*

Q. Perhaps not, if the channel was wide enough. Perhaps Mr. Cameron has the idea that there would be room in one side of the channel. There would be a deep part of the channel, but when the ship goes on into the wharf, have you considered how it would get out?—A. No, sir.

*By Mr. Morin:*

Q. Surely the Government is entitled to a wharf site close to the deep navigation channel?—A. It has sites on the north side, and of course those will be accessible by roadways. There will be highway bridges across here, combination of highways; and anybody who wanted a wharf would get a wharf. The first thought would be to develop the north side.



*By the Chairman:*

Q. How close would be the draw-bridges?—A. Three miles, I think.

Q. Just while we are on this, Mr. Cameron, you say that the draw-bridges do not give rise to any considerable difficulty?—A. They do not, to my mind.

Q. And if this whole flow of the St. Lawrence was put through this ditch, this ditch for all practical purposes would become the St. Lawrence?—A. Yes.

Q. Then I turn to the Navigable Waters Protection Act and I see that section 11 reads as follows:

No approval shall be given under this part of a site or plan for any bridge over the St. Lawrence River,—

Someone must have disagreed with you when this was passed?—A. That is an Order in Council. It has not become the St. Lawrence.

Q. But you have admitted that this scheme, and it is in your contemplation and always has been, that this ditch would ultimately become the St. Lawrence River dredged out, and that is the real reason for the banks being so far back.

Mr. JACOBS: Did he say that? He said it could be done.

The CHAIRMAN: I think the reporter has that answer.

Mr. JACOBS: No, I think not. I did not hear it anyway.

The CHAIRMAN: I certainly intended to convey that in my question, and I got the answer that I expected to get.

Mr. JACOBS: How could the witness tell what that would ultimately become?

The WITNESS: The major portion of the flow of the St. Lawrence—

*By the Chairman:*

Q. I asked you a while ago, and I put the question to you again: Was not it always in your mind since this plan was projected that ultimately the flow of the River St. Lawrence would go down this ditch?—A. It might.

Q. Now, Mr. Cameron, are you frank with me?—A. I have not jurisdiction over that.

Q. But you made a report?—A. But I think it is a feasible scheme.

Mr. WHITE: He said he was in favour of it. What else does it mean?

*By the Chairman:*

Q. Then the Navigable Waters Protection Act for some reason or other says, in section 11: "No approval shall be given under this part of a site or plan for any bridge over the St. Lawrence." Now, I suggest to you that the reason that section is in there is because of the fear that bridges across the St. Lawrence River would be a serious impediment to navigation. Do you agree with me?—A. Yes, sir.

Mr. JACOBS: Mr. Chairman, we have them every Parliament. We have put through two this year.

The CHAIRMAN: But there is a very great difference between the right to authorize a bridge over the St. Lawrence River by Order in Council and doing it by Parliament, because everybody can see it.

Hon. Mr. MACKENZIE: By Private Bill.

Mr. JACOBS: They can get the power under Part 1 of the Navigable Waters Protection Act, with regard to the power of the Governor General in Council over bridges.

Mr. WHITE: There is one other matter, Mr. Chairman, and it is not for this witness, particularly, only it happens to deal with the matter of navigating a vessel astern in the channel; but I do not know whether the evidence is properly receivable under this part. I would like a direction from the committee as to that.

*By Mr. Stewart:*

Q. I would like to ask a question before the witness goes. Was there any discussion in regard to the width of the canal, as in the plans attached to P.C. 424 and 422, and had you and your committee any discussion regarding a lowering or shortening of the width of the canal?—A. To the best of my recollection that point came up in connection with the possibility of working this development in as part of some over-all development, part of which would be in the river. Do I make myself clear?

Q. No. Was there any specific— —A. From the standpoint of navigation, to the best of my recollection there was no objection taken to the 4,000, subsequently reduced to 3,300 foot width of that waterway.

Q. Was any specific number of feet width for the canal mentioned between you engineers when you were making this report?—A. Yes, sir, it is mentioned in the report.

Q. What was that number of feet?—A. It is referred to as 4,000 feet.

Q. Was there mention of a reduced number of feet?—A. No, I don't think it.

Sir EUGÈNE Fiset: As in the case of General Stewart, we were told that there was a discussion as to the reduction of the width to 3,000 feet.

*By Mr. Stewart:*

Q. There was no discussion in your committee as to the reduced width of the canal to 1,300 feet?—A. I have no recollection of anything like that. It was mentioned in the report.

Mr. WHITE: Before Mr. Cameron speaks as to that, I think it would be only fair to him if he knew that there appears to be in the documents a recommendation, a communication from Mr. McLachlan to him in respect to that, and it should be—

Mr. STEWART: It is in the evidence here.

Hon. Mr. MACKENZIE: He did not perhaps hear that evidence given.

*By Mr. Stewart:*

Q. There must have been some discussion as to the width of the canal?—A. Yes, sir.

Q. Do you agree that the canal is too wide to take 40,000 feet and that it should be put in at 1,300 feet or 600 feet of dock, 27 feet wide?—A. Yes, it would carry more than 40,000 feet.

Q. Then we presume there must have been some discussion as to the proper width of the canal on account of the flooding of the land on the south side of the main flow?—A. I think Mr. McLachlan expressed his views on that question.

Q. Then there must have been some discussion among you,—that is what I am after. There was some discussion as to what would be a proper width of the canal?—A. No. I do not think there was a discussion as to what would be the proper width of the canal.

Q. Was there any discussion regarding a reduction in the width of the canal?—A. In the various possible combinations of schemes, of which this might be a part, one part was, as I recollect it, that if the balance of the flow was developed otherwise in the river, it would not be necessary to have the waterway between the embankments any wider than,—it strikes me it was somewhere around 1,600 feet; I have not the figure.

*By Mr. White:*

Q. 1,400 feet?—A. 1,400 feet, was it?

Mr. WHITE: I think I might read, in justice to the witness, from Exhibit No. 17, file 804, 1E, page 138, a letter dated July 6, 1929—

Mr. MONTGOMERY: That was six months afterwards.

Mr. WHITE: We all know that.

Mr. MONTGOMERY: It makes quite a difference in Mr. McLachlan's evidence.

Mr. WHITE: Why the interjection? Everybody can tell when the six months was up, as well as my learned friend.

Mr. MONTGOMERY: I would draw attention to it.

Mr. WHITE: This letter is addressed to K. M. Cameron, Esq., Chief Engineer, Department of Public Works, Ottawa, Ontario:

DEAR SIR,—I have spent this morning reading over the submissions of Dr. Barnes, *re* the effect of the Beauharnois works upon the opening and closing of Montreal Harbour.

The information which we furnished in connection with the Joint Board of Engineers Report should have enabled Dr. Barnes to make a determination as to exactly what that effect is in time. I have made some computations this morning and I find a 600 foot power canal with the area on the South side exposed for an additional 3,400 feet, giving an additional water surface 4,000 feet wide and 14 miles long, as shown in the Beauharnois Company's plans, would affect Montreal in the fall of the year to the extent of about one-third of a day, but that would have no effect whatever on the opening of navigation in the Spring. I do not think we should allow the Beauharnois Company to build the first banks more than about 1,400 feet apart.

Yours truly,

D. W. McLACHLAN.

Did you receive that communication?—A. Yes.

Mr. MONTGOMERY: That does not correct at all what he said.

Mr. WHITE: Again my learned friend interjects, but I do not understand it.

Mr. STEWART: The evidence shows that before this report was put in there was put in in writing something against the banks being too far apart. He pointed out the danger of building this canal very wide, or building this canal with banks very far apart. Now I understand the witness to say that they did not have, or if there was any there was not much discussion on that point before they put in this report.

*By Mr. White:*

Q. Is that correct, Mr. Cameron?—A. Yes, sir.

Q. Then I was just going to say that on this very question which we are discussing, as to the width of the canal and the danger to navigation, there is a letter of October 25th, 1927, from Mr. McLachlan to L. C. Sabin, Esq., Vice-President, Lake Carriers' Association, Cleveland, Ohio, and Mr. Sabin's reply.

Now, as to whether the committee would consider that evidence or not—

The CHAIRMAN: Oh, it would not be evidence if we were following the strict rules of evidence, but we will receive it.

Mr. WHITE: I have obtained these copies from Mr. McLachlan, and I understand they are exact copies of the correspondence.

Q. This letter of October 25th, 1927, directed to L. C. Sabin, Esq., Vice-President, Lake Carriers' Association, Cleveland, Ohio:

DEAR MR. SABIN: I would like to get some idea as to how fast a Great Lakes Bulk Freighter would travel astern with engines going full speed astern. I know, of course, that as soon as they do go astern they gradually turn around and that they correct this turning by kicking ahead for a short time. Perhaps I would be more likely to get an answer if I asked whether or not a Freighter could hold herself in approximately the same place in a stream if the current was flowing at two feet per second.



I am thinking of conditions on the down-stream journey in the River St. Lawrence between Clayton and Point Vivian above Alexandria Bay. In this stretch the velocity of the water does not exceed two feet per second. Should a boat suddenly meet fog or another approaching somewhere could she hold herself from turning around and also from going down-stream by going astern on her engines and making use of her rudder?

Anything you can give me will be very much appreciated.

Yours very truly,

D. W. McLACHLAN.

Mr. Sabin's reply is dated Cleveland, Ohio, October 27, 1928.—

Mr. MONTCOMERY: Who is Mr. Sabin, and what has this to do with this investigation?

The CHAIRMAN: It is very interesting to me and, I think, to every other member of the committee.

Mr. WHITE: This letter is as follows:

DEAR MR. McLACHLAN: Your letter of October 25 presents a rather difficult question. After talking with some of our practical navigators, I may say that it is thought it would be practically impossible for a down-bound vessel to hold herself accurately in position by backing in a current without the use of an anchor. In some of our narrow channels where vessels cannot turn around, if they are overtaken by fog they may manoeuvre to lie against the bank, presuming there is a soft bottom. In such cases as the West Neebish Channel and the Livingstone Channel in rock, a boat once started down must keep moving. Under these circumstances they reduce speed, but would not back for any length of time because such backing would get them to swinging, and in a dense fog they would not know their exact position.

In the rock out of the West Neebish Channel the sides being marked by vertical walls the vessel can do very well through this confined part. In the Livingstone Channel the width is 450 feet, and after passing the lower dam opposite Fort Malden Range the rock sides are submerged. There is also a bad cross current just below the dam coming from the Canadian side and the most difficult place is from the dam down to Bois Blan Island. In this reach the vessel must hold up into the current to allow for drift, and in case she is overtaken by a fog so that she must also reduce speed, it is necessary to hold up more than when travelling under full speed. This seems to be a situation somewhat analogous to the one to which you refer.

I think the second sentence of your second paragraph may be answered in the negative. The boat must keep going, although under reduced speed, and in case of continued fog, and no opportunity to turn around, she must proceed until the channel becomes wide enough and anchorage conditions such as to permit anchoring in the usual manner. On the other hand, the experience we have had in navigating such channels as the Livingston, where also fog sometimes sets in quickly, would indicate that the situation you suggest need not be considered as impossible, although the fact that traffic is both up and down bound would make it more serious.

Hon. Mr. MACKENZIE: That is just one man's opinion.

The CHAIRMAN: Those two letters will be Exhibit No. 34.

*By Mr. White:*

Q. Do you know as a matter of memory, Mr. Cameron, the velocity of the water in the Welland Ship Canal?—A. I understand it is between a mile and a mile and a half an hour.

Q. I understand, putting it in another way, it is about half a foot a second.—A. About that.

Q. And the Soulanges Canal about a foot a second?—A. About that, as far as I know. I have not much information on that.

Mr. WHITE: That is all.

*By the Chairman:*

Q. Mr. Cameron, have you had any experience in the navigation of boats yourself?—A. I have actually taken a degree in Oxford and for twenty years I have had a good deal to do with boats getting in and out of all harbours in Canada, with currents.

Q. What would you say as to those letters which have just been read? Have you any comments or observations to make?—A. There is a comment I am not particularly anxious to make. I have not found that the evidence of experienced navigators is of a tremendous lot of practical value.

*By Mr. White:*

Q. From whom would you get evidence of value, then?—A. I do not think they are able altogether—

The CHAIRMAN: There are some pretty good navigators that are not sea men.

Mr. WHITE: Referring to air men, I suppose.

The WITNESS: When you come to the gentleman who wrote that letter, he is one in whom I would have a great deal of confidence. He has had a great deal of experience, and is one for whose opinion I would have a great deal of respect.

*By Mr. White:*

Q. Is he a practical navigator of ships?—A. No, sir, he is an engineer.

Q. You would not care to take the advice of a practical navigator of ships?—A. No, sir, because it is like expert evidence, you can get directly opposing opinions.

Mr. JACOBS: We have had that already.

The CHAIRMAN: All right, Mr. White, go on.

Mr. WHITE: I have completed.

I suppose Mr. Montgomery has the permission of the committee to cross-examine?

The CHAIRMAN: Yes, I think Mr. Montgomery may cross-examine.

Mr. MONTGOMERY: I suppose that is the ordinary rule and that I need not apply for permission for the cross-examination of each witness?

Mr. WHITE: That is the ordinary rule; but the more Mr. Montgomery cross-examines, the less I have to examine.

#### *Cross-Examined by Mr. Montgomery*

Q. Subsequently to the application of the Beauharnois Company a departmental committee sat upon it, did they not?—A. Yes.

Q. Consisting of yourself, assisted by— —A. Mr. McLachlan, Mr. Johnston and Mr. Cote.

Q. And your report is of record?—A. Yes.

Q. Was there any dissent or disagreement as regards that report?—A. There is only one feature about it, and of course I think it is reasonable to remark that the comparative estimates of cost of the various schemes were not the work of the committee, and they were very largely estimates, at that time. Other than that, the three of the four divisions into which the report divided itself I have not any reason to change any recommendation or expression of opinion that I then made.

Q. And what you have just referred to in the report is the suggested costs of the various alternatives for the development of the Soulanges section for power and navigation?—A. Yes.

Q. Now, on this question of width, during the course of your deliberations or prior to the signing of the report, was any objection taken to the width of 4,000 feet or 4,100 feet, as shown on the company's plan?—A. I have no recollection of any objections. I cannot specifically state that there was any. I do not think so.

Q. I would like to tell you that Mr. McLachlan has stated that before the report was signed he objected to it.—A. I have no recollection of it.

Q. Have you any recollection of any dissent of any sort or kind being received from Mr. McLachlan prior to the letter which Mr. White has read to you, which was some seven months afterwards?—A. No, I have no recollection of any.

Q. And have you any reason at the present time to change that report or change the recommendation for approval which you made, as regards the width of the channel?—A. I do not think we made any recommendations with respect to the width of the channel.

Mr. STEWART: What was your question?

Mr. MONTGOMERY: I asked him if he had any reason since hearing Mr. McLachlan's objections as to the width of the channel of 4,100 feet, and subsequently changed to 3,300 feet—

The WITNESS: I do not think we made any recommendation as between embankments; we confined ourselves to the channel.

*By Mr. Montgomery:*

Q. Have you any objection at all to the width of the embankments?—A. No, I have not.

Q. I assume that from the time the plans were approved right down to the present time, perhaps, you have been in fairly close touch with the engineers of the company?—A. Fairly close touch, yes.

Q. By section 11 of the Order in Council they were required to furnish details of their general plan?—A. Yes.

Q. Such details were filed, as I understand it, in July, 1929?—A. Yes.

Q. No work had been begun prior to that time?—A. No, I believe not.

Q. And I have no doubt that their engineers were in consultation with yourself and your assistants with respect to those plans?—A. Off and on, they were, yes.

Q. So that any work that was done prior to the August, 1930 plans would have been presumably done either on the July, 1929 plans, or the July, 1929 plans with such modifications as had been discussed between yourself and your engineers and the Beauharnois engineers?—A. They had been discussed, yes.

Q. In the letter of August 22, 1930, substituting plans for those of July, 1929, I note they say in the opening paragraph "in pursuance of condition No 11" and so on, "we are now, after consultation with the engineers of your department submitting for your approval, the following." and it enumerates several plans which were submitted. I assume that is correct?—A. Yes, that is correct. They had been in consultation with us.



Q. Now, has this work been carried on on any different basis than any works of similar magnitude, or any considerable works; has it been carried on on the same basis?—A. You mean in so far as—

Q. In so far as supervision is concerned?—A. With the usual run of works supplied for approval under the Navigable Waters Protection Act?

Q. Yes.—A. It has been carried on very much the same.

*By the Chairman:*

Q. With the same lack of regularity?—A. Yes, you can put it that way.

*By Mr. Montgomery:*

Q. You have a resident engineer stationed permanently on the works?—A. Yes, we have.

Q. And the various engineers in your department have been from time to time personally visiting the works?—A. Yes.

Q. And the work has been carried on—you are receiving, I suppose, full reports, progress reports from your engineers?—A. We are receiving progress reports.

Q. And do you consider yourself pretty well in touch with the work?—A. I consider myself fairly well in touch with the work.

Q. In November, 1930, you submitted a recommendation for the approval of the August plans as modified in accordance with your explanation?—A. Yes.

Q. I understand that there were two changes in the width of the canal made between the date of the plans filed for approval, and July, 1929; that is to say that the upper section was increased from 1,100 to 3,300 feet—that is the upper mile or so—and the balance, 114, was decreased from 4,100 to 3,300?—A. I do not know that the company had come to that conclusion in that respect as early as that date.

Q. These changes were shown, I understand, in the July, 1929, plan?—A. They may have been; I have not looked.

Q. Have you any exception to take to those changes?—A. No.

Q. They are part of the plan as approved by you in 1930?—A. As recommended for approval.

*By the Chairman:*

Q. Recommended for approval under what—under the Navigable Waters Protection Act?—A. No, pursuant to section 11 under the Order in Council.

Q. That is all under the Navigable Waters Protection Act?—A. Yes.

*By Mr. Montgomery:*

Q. Now as regards the location of the ship channel—

*By Mr. Lennox:*

Q. Counsel asked you if the plans of August 22 were modified with your recommendation; I think you said yes?—A. Yes. Well, did he mean that the plans recommended—

Q. He asked the question, that the plans of August were modified with your recommendation?—A. Incorporating our recommendation, I interpreted it to be.

Q. What did you mean by that?—A. There were two changes that we specifically directed the company to make. One was to show the dyke across the west end; the other was to be quite specific in the dimensions of the sluice passages at the power house.

Q. You made that recommendation. What is it? You made it to what department—your own department?—A. My recommendation of November 13 was made to the deputy minister.

Q. Have we got that?

Mr. MONTGOMERY: It is part of the report which is to be printed into the record.

*By Mr. Montgomery:*

Q. That report, the recommendations in connection with those changes are not in that report? They had preceded that report, had they not?—A. Oh, yes.

Q. What you recommended was the plans with those changes incorporated in them?—A. Yes, surely.

Q. Now, turn to the location of the entrance of the ship canal from Lake St. Francis. We have had it in evidence that that was moved some 3,000 feet, I think, north. Had you any exception to take to that?—A. Not after examination of the suggested change, we found we could recommend it.

Q. Do you mind stating why?—A. We found that it gave a quite satisfactory entrance to the canal from Lake St. Francis—a safe entrance, we considered it.

*By Hon. Mr. Mackenzie:*

Q. Would it increase the danger of the current?—A. No, sir, I would not consider it would increase the danger of the current.

*By Mr. Lennox:*

Q. Did you hear Mr. McLachlan give his evidence on that?—A. No, sir.

Q. He said that the current was such that it made—I do not remember his words—but it made it more dangerous, or not as navigable. You do not agree?—A. I cannot agree with him.

Mr. MONTGOMERY: It is suggested to me that perhaps Mr. McLachlan overlooked the fact that the opening of this channel carrying a volume of water greatly exceeding that of the Ottawa River would set up a current into the canal as distinguished by a cross current course.

Mr. LENNOX: Why didn't you ask him that when you had him in the box?

Mr. MONTGOMERY: Perhaps I can ask Mr. Cameron now.

The CHAIRMAN: Mr. Cameron cannot speak for Mr. McLachlan.

*By Mr. Montgomery:*

Q. I was asking Mr. Cameron about that?—A. That was one of the factors that entered into our consideration of the suggested change.

Q. In any event, do you apprehend any danger by reason of the canal being—the entrance of the canal being moved 3,000 feet north, or any increase in the risk?—A. I do not anticipate any.

Q. And it conforms to their plans as recommended by you on November 13, 1930?—A. Yes.

Q. Now, what about the shortening of navigation by a third of a day as raised by that letter of Mr. McLachlan of July 6, 1929?—A. I certainly endeavoured to find if I could come to the same conclusion or not on the theory and fact presented, and I must admit that I was quite unable to get anywhere with that matter. I could not agree at all with that deduction.

Mr. LENNOX: How does he work it out if you cannot?

Mr. MONTGOMERY: I do not think he did. I think he was quoting Dr. Barnes.

*By Mr. Lennox:*

Q. Two lawyers may give an opinion and may be wrong—of course I never am—but I thought an engineer would be able in some way to give us that. Engineers should agree?—A. The one that presented itself to me and has always presented itself to me, was that the amount of the possible interference by shortening of navigation was away out of proportion to the possible errors in the factors that enter into it.

Q. You do not regard the situation as serious?—A. Oh, no. Put it this way, no one could have demonstrated to my satisfaction that such a thing had occurred.

Q. He did. Mr. McLachlan swore to it.

Mr. JACOBS: He is not here to explain Mr. McLachlan.

The WITNESS: I endeavoured to try to follow Mr. McLachlan's argument.

*By the Chairman:*

Q. Have you read Mr. McLachlan's evidence.—A. No, sir. I have not read Mr. McLachlan's evidence.

Q. You have never looked at his evidence before?—A. I only got it this morning.

Q. I can see that you are not prepared or not able either to confirm or deny Mr. McLachlan's statement as to reducing the time for the opening or the closing of navigation at Montreal?—A. No. The matter is open to very grave doubts in my mind.

Q. Do you think it would lengthen the season of navigation?—A. No, sir.

Q. Do you think it would shorten it?—A. I do not think you could measure the amount.

Q. Do you think at all?—A. Yes, a lot.

Q. Think hard and tell us what you do think?—A. I do not think it would make any change.

*By Mr. Jacobs:*

Q. There is only the difference of a day between you?—A. He arrives at eight hours. On a 4,000 foot width he arrives at eight hours. He said, "we will reduce that to 13 or 1,400 feet. The company has that cut down from 4,000 feet by the equivalent of one hour and a half or two hours, and he starts out from the other end, and he has only, as far as I can figure out, about one hour and a half left.

*By Mr. Montgomery:*

Q. Before considering that question of width, I wonder if you could tell us why you stipulated for a bottom depth in that navigation channel of 600 feet; can you tell us how wide the Welland Canal is?—A. The Welland Canal is a slack water reach with a bottom depth of 200 feet.

*By the Chairman:*

Q. Do you mean the Welland Ship Canal?—A. Yes, the Welland Ship Canal.

*By Mr. Montgomery:*

Q. I wonder if you could recall why you recommended that this canal should have a bottom width of 600 feet?—A. That is the maximum—practically, you can say the maximum width to which any improved channel had been built in any part of the Great Lakes.

Q. Would that permit a boat to turn around?—A. Yes, that would. The one in the upper St. Mary's Channel—the trouble has always been that they were about 300 feet wide, and a down bound boat would stick her nose into one bank, and being 600 feet long, she would not turn in a 300 foot channel. They have been navigating, of course, under that condition.

Q. Do you recall how wide you are dredging the channel between Lake Ontario and Prescott?—A. A minimum of 450 feet. It is better than that throughout.



Q. I think Mr. McLachlan suggested this morning—I do not know whether you were here or not—that under certain conditions the department, or the Government would be compelled to force the company to reduce the width of its canal at the upper end. I have forgotten what distance he said, down to—

*By Mr. Lennox:*

Q. The canal has a narrow neck leading into Lake St. Francis?—A. That is where it comes to the power-house.

Q. Can that be widened?—A. By extending the length of the power-house.

Q. Can it be widened by the Beauharnois Company without any further application?—A. Well, sir, the limit of the application is the permission to pass through that power house 4,000 cubic feet per second.

Q. Supposing they made it—supposing they opened it and widened it what would be the effect upon the St. Lawrence River?—A. Of course it would just pull the St. Lawrence River down to a large extent.

*By Mr. White:*

Q. Not at all seasons?—A. Not drain it out. You have the longer channel of the St. Lawrence still running.

*By Mr. Lennox:*

Q. It would have a prejudicial effect?—A. Certainly.

*By the Chairman:*

Q. Supposing, as has happened with power dams, the dam at Lake St. Louis went out and you had no guard lock at the other end?—A. I would say that is inconceivable.

Q. Have you ever heard of any power dam going out?—A. Yes, sir.

Q. Not a power dam that you and your associates have had to do with.—A. No, not that one.

Mr. LENNOX: If it is inconceivable but happened what would be the result?

The CHAIRMAN: It would be inconceivable also.

Mr. MONTGOMERY: The water would run down the river, I suppose.

The WITNESS: There would be the lowering of the level of Lake St. Francis which would interfere with navigation.

*By Mr. Montgomery:*

Q. In any event you see no necessity for a guardlock up at the other end?—A. I see no necessity for it.

*By the Chairman:*

Q. Or a guardlock at the other end?—A. Not a guardlock. You would have to have a complete closure.

Q. A lock which would extend completely across?—A. You would have to have gates across there just the same as gates across the St. Lawrence, exactly.

*By Mr. Montgomery:*

Q. And you see no necessity for that?—A. I have not seen any necessity for that.

Q. Mr. McLachlan suggested this morning that the installation of a guardlock would be necessary. I think you have already expressed yourself on that?—A. I have.

Q. And something was said with respect to the entrance to the canal some 1,500 feet south. Is that in a southerly direction?—A. Mr. McLachlan said that if a guardlock was put in there it would be necessary to shift the power canal entrance southerly.

Q. Were you here when he gave that evidence?—A. I heard him say that.

Q. Do you agree with that?—A. I have not had a chance to look at it on the plan. It all turns on the necessity for a guardlock.

Q. So that unless his premise is correct you have had no reason to consider the removal of the entrance?—A. No, sir.

Q. Have you had any experience with cross currents in other navigation channels in the Great Lakes system?—A. Yes, we have had considerable experience with that, Mr. Montgomery. We had a study, a fairly exhaustive one, in connection with the improvement from Lake Ontario down to Prescott at the site of the present Lower Lakes terminal, conditions of various parts and what might be anticipated there. That was done largely at my instance by Mr. Coutlee, who is an engineer of the Department with a great many year's experience along those lines.

Q. Would you prefer that we examine him about that?—A. I think the committee would benefit by an examination of Mr. Coutlee along those lines.

Mr. MONTGOMERY: Perhaps if my friend will take Mr. Coutlee afterwards on that I won't bother about that.

Mr. WHITE: I won't promise, but we will do the best we can always to oblige.

Mr. MONTGOMERY: I am glad to hear that.

Hon. Mr. MACKENZIE: The committee want to call him if Mr. White does not.

Mr. MONTGOMERY: I won't examine Mr. Cameron on that if the committee is going to examine Mr. Coutlee on it.

*By Mr. Montgomery:*

Q. In your report of November 13, 1930, I notice that the first question which you put as being one of the points of interest to the Department, and underlying the approval of the plans, reads as follows:

Do the proposed works provide for adequate control of the outflow of the St. Lawrence river from the Lake St. Francis section so that conditions No. 2, 3 and 19 of the order in council of March 8, 1929, may be made effective.

And you answer that in the affirmative?—A. Yes, sir.

Q. Question B is:

Do the proposed works provide the future navigation channel between Lake St. Francis at deep water at Hungry Bay to the side of the proposed navigation locks at Melocheville.

And that question you answer in the affirmative?—A. Yes, sir.

Mr. JACOBS: Mr. Montgomery, what are you reading from?

Mr. MONTGOMERY: The report of November 13, 1930.

Mr. WHITE: Which I was not permitted to read because it is going to be put in the evidence.

*By the Chairman:*

Q. Perhaps we can shorten it up, Mr. Cameron. Are you pretty generally in agreement with the work that the Beauharnois company are carrying on?—A. Yes, sir.

Q. And you have been right from the beginning?—A. In general agreement, yes. We have had some considerable discussion.

Q. But you have been working in harmony with them?—A. Yes, I have not been antagonistic to them.

Mr. WHITE: I should say that was very fair.

The WITNESS: I have been inclined to be fair.

*By Mr. White:*

Q. Just one or two questions. As a matter of fact, Mr. Cameron, would not a narrower channel be better from the purely navigation point of view, provided it is 600 feet wide with a depth of 27 feet?—A. Mr. White, if you asked me I would prefer the wider—

Q. Is not there more chance of the banks being affected by the action of the wind?—A. No, sir.

Q. You do not think so?—A. I do not think so.

Q. It always struck me that the wider the channel—A. On the north side and the south side of the bank, the bank is riprapped as required. When I say it is riprapped I mean that the specifications recommended for approval require it to be riprapped, as set out in the Order in Council. Now, a boat going up or down that canal under power, a large boat, causes a wave force. Of course, on the south side that simply offsets itself in the widening of the channel.

Q. Does it?—A. Yes, sir.

Q. That is what I was wondering. I thought that the shallower the water the greater the force of the wave. Lake Erie is rougher, for instance, than Lake Ontario, and that here when you get up a bit you are liable to get a greater wave than you would if you had a channel say 600 feet wide.—A. Well, sir, let me put it to you this way: The Hungry Bay Dyke which is at the westerly end of this channel, or the easterly end of Lake St. Francis, is 8 feet lower than the top of these proposed banks, and, to the best of my knowledge, the wind on Lake St. Francis has never been sufficient even at high water to more than just splash the top of that dyke.

Q. Because it does not reach it.—A. Oh, yes. As you will see when you are there the water comes right up to the foot of it.

Q. And you mean to say the waves have never been the height of the bank.—A. It will just splash up and make it a little wet.

*By the Chairman:*

Q. Have not you been constantly repairing that year after year.—A. So Mr. McLachlan says.

Q. What do you say about it, do you know.—A. I don't know anything about the repairs. I know what the height of the bank is and I have seen it, and I have seen the water at high water right up against it.

*By Mr. White:*

Q. Then my learned friend asked you, and you told him I think, that you take no exception to the change from 4,100 feet to 3,308 feet.—A. No, sir, I take no exception.

Q. Was there a reason for that, that you were not concerned in your department except as to the channel for navigation.—A. Yes, in so far as the width might have any effect on navigation.

Q. You were only concerned as to that.—A. Concerned as to the possible effect on navigation.

Q. And we may take it from that, I assume, that you were not concerned with the power aspect of this situation.—A. No, sir, I never felt that I was concerned with that.

Q. Then the increase from 1,100 to 3,300 at the upper end, that is the western end, were you concerned with that.—A. Well, Mr. White, if you will permit me may I say that the plans which I have recommended for approval, and according to my conception or intention at least, narrowed that 1,100 feet on the 40,000 cubic feet to practically 600 feet.



Q. So that so far as that end of it is concerned, we may take it that you were concerned with the width of the channel.—A. I was concerned with the application of the conditions of the order in council with regard to the entry from Lake St. Francis into the canal.

Q. Involving the width of the channel.—A. Involving the width of the channel.

Q. And for some reason, which was sufficient for you, you saw fit to make that change, and you imposed the change upon the engineers for the Beauharnois company.—A. Yes, sir.

Q. That reason being what.—A. The reason being that the order in council stated that they were to provide a 600 foot bottom width, navigation cut, with a depth of 27 feet.

Q. We have been referring to it as a prism.—A. A canal prism, if you like, and I said if you put a plan before me which shows an intention on your part to dig to 27 feet for a greater width than 600 feet I think you are not sticking to the permission that the government gave and which was granted by the order in council.

Q. I see, so that you were taking as the responsible officer of the Public Works department the responsibility of determining what the order in council meant in that respect.—A. Yes, I was.

Q. Then in regard to the moving of the entrance to the canal on Lake St. Francis 3,000 feet north, may I ask you if it is not a fact that the current at the point 3,000 feet north of the original proposed point of entrance is faster than it would be at the original point?—A. I do not think it would be measurably faster.

Q. It is nearer the rapids, is it not?—A. Yes, it is nearer the rapids, still quite a distance away from the rapids.

Q. And one naturally expects that the nearer you get to the rapids the swifter the current.—A. That is when you get in shallower water and get real close to them.

Q. Then in regard to the shortening of navigation, it is a fact is it not that the greater the surface exposed in the cold weather in the fall the cooler the water becomes?—A. That is advanced as a theory.

Q. That is a fact, is it not, it is not theory; anybody knows that, I suggest to you.

Mr. JACOBS: Not an engineer of the Public Works Department.

*By Mr. White:*

Q. It is a fact, is it not?—A. I think you could state that as a fact.

Q. And the colder the water the more quickly the ice forms, that is also a fact, is it not?—A. Yes, within reasonable limits.

Q. So that if you have a greater exposed surface you have the greater tendency to the formation of ice by reason of the more quickly cooling of the water and the greater exposure and rather slower movement of the current, is that not so?—A. Yes, the water cools—

Q. More quickly.—A. Yes.

Mr. WHITE: That is all, thank you.

*By Sir Eugène Fiset:*

Q. Does it not depend a little bit also on the depth of the water.—A. It depends on the volume.

Mr. WHITE: There is one other matter, Mr. Chairman, which I had almost forgotten. Counsel for the Beauharnois Company have been kind enough to furnish me with a document entitled Chronological Summary of Acquisition of

Rights and Approvals by Beauharnois Light, Heat and Power Company from the governments of Quebec and Canada, and I would like to read at page 7 of that document, paragraph 14:

On 7 August, 1929, there began the actual work of throwing up the canal banks by means of drag lines, though the assembling of construction plant began earlier.

Now, if that is the fact it alters the situation very much in regard to Mr. Cameron's evidence as to their commencing in the spring of 1930. They actually commenced work, as this memorandum says on the 7th August, 1927.

The CHAIRMAN: Gentlemen, will we sit to-night.

Mr. JACOBS: No.

Hon. Mr. MACKENZIE: Certainly, let us sit.

Mr. JACOBS: It is too hot. We had a gentlemen's agreement that we would sit twice a day.

*By Mr. Lennox:*

Q. I would like to ask a question now. You are the engineer in the Public Works Department.—A. Chief Engineer, Public Works, that is my title.

Q. And Mr. McLachlan is the Chief Engineer in the Department of Railways and Canals.—A. Col. Dubuc is the Chief Engineer.

*By Mr. Lennox:*

Q. Now, you seem to be absolutely opposed to each other.—A. Well, we seem to differ materially on some things.

Q. Is there any feeling between you.—A. No, sir.

Q. Have you discussed it.—A. Well, sir, I did not hear all his evidence on it.

Q. I do not mean now.—A. We have always been friends. I have known Mr. McLachlan since we were in school together. We have had differences but that does not mean that we are not friendly, not at all.

Q. I am just asking you the question. Now then, you knew that the conclusions he arrived at were different to yours.—A. Some of them were entirely different to mine.

Q. You saw his report.—A. No, sir. The only report that I have seen is the one that we jointly signed, and one or two letters, one of which was read this afternoon.

Q. Did not you know that he did not agree with you in many things? You know to-day.—A. I know now what I did not know before.

*By Mr. Jacobs:*

Q. You signed the joint report.—A. I stick to my report. That is about all I can say.

*By the Chairman:*

Q. You all agreed on the report which you signed.—A. Yes, sir.

*By Mr. Lennox:*

Q. But there is no personal feeling between you.—A. Positively not. We have always disagreed, put it that way; but we are perfectly good friends.

*By the Chairman:*

Q. Just one more question. In the order in council P.C. 422 this condition seems to be reiterated throughout, that only 40,000 cubic feet per second shall be diverted from the St. Lawrence river?—A. Yes, sir.

Q. Now, are these sluices, or whatever you call them at the power house, as the plans contemplate, of such a kind and character that only 40,000 cubic feet will go through?—A. No, sir. You can control them.

Q. I am speaking of the maximum flow.—A. Yes. The maximum flow is more than 40,000 cubic feet.

Q. The Beauharnois company, by reason of certain assignments of interest to them, would appear at the moment at least to have the right to divert some 53,000 feet?—A. Yes, sir.

Q. Which is the maximum?—A. They have I understand that. In our Department we have no official knowledge.

Q. But 53,000 cubic feet so far as you know is the maximum that they can pass through the power house?—A. Yes, sir.

Mr. WHITE: Does he say that.

The CHAIRMAN: Yes. Will 53,000 cubic feet flowing at the velocity that this water takes it, and with the head that it has, produce 500,000 horsepower?—A. Oh, I would not think so.

Q. Well, work it out.—A. 424,000.

Q. So that in order to produce 500,000 horsepower with the head they have they would have to divert something over 60,000 cubic feet?—A. Yes, sir.

Hon. Mr. MACKENZIE: 62,500.

The WITNESS: Approximately that.

*By the Chairman:*

Q. And if you ever catch them doing it there will be something happen down there to the Beauharnois company.—A. Surely. We are not going to let them do it.

Mr. MONTGOMERY: As regards the 500,000, Mr. Chairman, I think it is perhaps quite proper to point out there—and we can furnish you with the evidence if you like—that these two large 400,000 horse power contracts are 85 per cent load factors and that is what takes up the slack. It is not 500,000 constant power. They are limited to 85 per cent load factor.

The CHAIRMAN: Have you got the prospectus that was issued by the brokers.

Mr. MONTGOMERY: That 500,000 is 500,000 commercial power. 400,000 of that, for instance, is at 85 per cent load factor which ties in with that prospectus perfectly.

The CHAIRMAN: Well, now, it does not say anything here but a plain statement "after the completion of the present 500,000 horse power." It does not say low factor or high factor.

Mr. MONTGOMERY: Load factor.

Mr. JACOBS: They have not seen any details yet.

Mr. MONTGOMERY: Those are commercial horse power. Now, as regards the question which was last asked the witness, we have had the question of the width, and you have been asked as to the disagreement between yourself and Mr. McLachlan. And there were a number of other objections which have been taken by Mr. McLachlan during his evidence of last week, as well as of this morning. Were the majority of those, so far as you know, ever communicated to you before.

Mr. WHITE: He says he does not know what they are.

Mr. MONTGOMERY: He says he heard his evidence this morning.

The CHAIRMAN: Mr. Montgomery, he says he always disagrees with Mr. McLachlan. The only thing he agrees on are the figures that he works out with regard to the horse power.

Mr. JACOBS: They agree on mathematics.



*By Mr. Montgomery:*

Q. As regards this element of cross current I would like to have his answer on that. Mr. McLachlan has given us a dozen different objections, I suppose, and I would like to know if Mr. Cameron is in a position to state whether these objections have ever been made known to anyone else, or to himself as the responsible officer of the Department of Public Works, prior to Mr. McLachlan coming here giving evidence in the witness box.—A. I had no knowledge that Mr. McLachlan was going to make the exception on that score.

*By Mr. Lennox:*

Q. He has made a number of objections.—A. Yes, sir.

Mr. LENNOX: I think it is fair to Mr. Cameron if you let him see Mr. McLachlan's evidence.

Mr. MONTGOMERY: Perhaps we can do that at the next sitting.

*By Mr. Montgomery:*

Q. And on that question of cross currents at the entrance to the canal, if I remember correctly there are certain remedial works shown designed to hold up the level of Lake St. Francis, are they not.—A. Oh, yes.

Q. And what effect would those works have upon the current.—A. Well, the effect would be, Mr. Montgomery, that if and when they are placed into operation subsequent to the withdrawal through the company's canal of 40,000 second feet of water there would be what I would call a diffusion of current between the natural course down the river and the course towards the company's intake which would, to my mind, make quite a perceptible difference in the current which there exists.

*By the Chairman:*

Q. That is all, I assume, that these remedial plans are going to approve of.—A. That is all. I assume that the 40,000 cubic feet would be diverted.

*By Mr. Montgomery:*

Q. At the Lake St. Francis end, that is shown on the plans, the plans filed and which were approved by Order in Council P.C. 422, those remedial works are shown there.—A. It shows the suggested scheme of remedying the condition in that channel.

Q. And there are detailed plans, more or less detailed plans attached to the big general plan?—A. Yes.

Q. And those plans are still of record and still in your department?—A. Yes.

The CHAIRMAN: Are these the plans that were approved?

Mr. MONTGOMERY: Yes, sir, those are the plans that were approved.

The WITNESS: If I may be permitted, the committee of engineers recommended against the approval of the scheme of rectification in the river section.

*By Mr. Montgomery:*

Q. I take it then that this would be included among the modifications which were suggested in the Order in Council?—A. Yes.

Q. Modifications subject to the approval of the Minister of Public Works?—A. Yes, specifically.

Q. And those plans are still of record of course?—A. Oh, yes.

*By the Chairman:*

Q. Has the Minister of Public Works approved of them?—A. No.

*By Mr. White:*

Q. Is there any change of their ever being approved in their original form?

—A. No, sir. That is, we are referring to the remedial works below Lake St. Francis down to Lake St. Louis.

*By Mr. Montgomery:*

Q. Accompanying the application submitted to you were 12 plans among which were plans showing the general scheme of remedial works down the river.

—A. Yes.

Q. And those plans were among the plans approved subject to the conditions in the Order in Council as to such modifications as might be suggested by the Minister and having the details approved by the Minister.

MR. WHITE: Mr. Chairman, does not the Order in Council speak clearly about it?

MR. MONTGOMERY: I am not speaking about the Order in Council except to identify it with the plans.

MR. WHITE: My learned friend's question seems to me to be very objectionable, leading to the view that the Order in Council 422 provided for ordinary plans for the work in the river, whereas the Board provided that they should not be approved, and the Order in Council provided that they should be subject to such amendments as they might recommend.

MR. MONTGOMERY: The Order in Council concludes as follows:

subject to the foregoing conditions and to such additions, improvements, operations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the descriptions and plans attached, in booklet form, which works are proposed to be constructed by the Beauharnois Light, Heat and Power Company, with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis,—

then I skip down—were recommended for approval," that is that they were approved subject to modifications.

MR. WHITE: In other words, they were not approved.

MR. MONTGOMERY: I do not argue it.

MR. WHITE: My learned friend makes that statement and I cannot let it go uncorrected.

MR. MONTGOMERY: You have argued your case a dozen times.

THE CHAIRMAN: Mr. White has a perfect right to argue this case a dozen times.

MR. WHITE: I am not going to let my learned friend get away with his statement, if I can prevent it.

MR. STEWART: Mr. Cameron, I would like to read you this:

In case my position may be thought to be prejudiced in the matter between the time the committee's report was signed and the Order in Council was passed, I met at Mr. Cameron's office Mr. Brown, one of the engineers of the Beauharnois Company, and stipulated the canal should be only 1,300 feet on the water,—

I am reading from Mr. McLachlan's testimony.—A. No, sir, he did not meet me there, and for a very good reason. I had a sprained wrist and could not get cured of it and I had been away from the office under the doctor's orders and could not go there.

MR. JACOBS: And you were unable to show your hand.

*By Mr. Stewart:*

Q. This is 1929?—A. Yes.

Q. Would you have nobody there in your place?—A. Oh, yes; but he did not meet me personally.

Q. Would you have a representative there who would report to you?—

A. Oh, yes, he may have discussed it with Mr. Coutlee and Mr. Brown at my office.

HON. MR. MACKENZIE: He does not say he met Mr. Cameron there.

MR. STEWART: I asked him if he had a representative there, and if he had a representative there surely he must have been informed of the meeting which took place.

HON. MR. MACKENZIE: Yes, I think so.

MR. WHITE: What is the date that he says the meeting was?

MR. STEWART: Before the Order in Council was passed.

THE WITNESS: The report was out of our hands. We had all signed it and passed it on. We did not change the report at all.

*By Mr. Stewart:*

Q. I asked if there was any discussion regarding the width of the canal.—

A. The Order in Council was passed before that.

Q. I asked you this morning if there had been any discussion regarding the width of the canal, and your answer was in the negative?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. Do you know anything about that meeting referred to there?—A. No, I do not.

*By Mr. Lennox:*

Q. He also follows it up by saying: I also wrote Mr. Cameron on July 6th, 1929.—A. That letter was read this afternoon.

MR. JACOBS: We will require the clerks who are in attendance here to accompany us to Beauharnois to-morrow morning, and I would move that Messrs. Dun, Taschereau and Doyle accompany the committee on their trip to-morrow.

MR. STEWART: I second that.

Carried.

MR. JACOBS: Will we have the assistance of these engineers to-morrow, Mr. Chairman?

THE CHAIRMAN: I think we could get along better without them.

Has any arrangement been made about going down on the train?

MR. JACOBS: Yes, at ten minutes to nine daylight saving time. I understand arrangements have been made.

MR. WHITE: Mr. Chairman, Mr. Forsythe has asked me if it would be permissible for him to have the file, Exhibit No. 17, to-night. He wants to look through it.

THE CHAIRMAN: I do not know what the rule is, but I see no objection.

HON. MR. MACKENZIE: I think he might have it.

MR. FORSYTHE: It is a tremendous mass of material, and I would like the opportunity to go through it to-night.

THE CHAIRMAN: We will leave on the Canadian National to-morrow, and at Valleyfield arrangements are made to have sufficient transportation for the committee and those who have to accompany them, to go over the works.

MR. WHITE: 8.50 daylight saving time to-morrow morning.

MR. JACOBS: Yes.

Committee adjourned at 5.15 p.m.



## APPENDIX—REPORT OF CHIEF ENGINEER CAMERON

NOVEMBER 13, 1930.

## MEMO FOR DEPUTY MINISTER

The Beauharnois Light, Heat and Power Co., asked for, under Sec. 7, Chap. 140, The Navigable Waters Protection Act, and received by P.C. 422, of March 8, 1929, approval of its proposed development, to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet per sec., and of plans and site of works proposed to be constructed in the St. Lawrence river with respect to the diversion of the flow of water mentioned above.

The application was approved on certain conditions recited in the order in council.

Under condition number 11, which is:

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said work have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

the Company submitted, with its letter of July 29, 1929, detailed plans of its proposed works, for approval by the Minister.

The plans as filed were discussed in considerable detail with the Engineers representing the Company, and in consequence modifications have been incorporated in the revised set of plans of which approval is asked by the Company's letter of August 22, 1930.

The interest of the department in this case and the points underlying the approval of the plans are:

A. Do the proposed works provide for adequate control of the outflow of the St. Lawrence river from the Lake St. Francis section so that conditions Nos. 2, 3, 19 of the order in council of March 8, 1929, may be made effective. These conditions are:

2. The works approved, or which may hereafter be approved, or designed, or made, shall at no time raise the natural level of water in the River St. Lawrence above the international boundary or in any way contravene the terms of the Boundary Waters Treaty of 1909, or the Treaty of Washington of 1871.

3. The works approved, or any modifications therein, which may hereafter be made or approved, shall be operated in conformity with the requirements of navigation on the St. Lawrence River, and the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second.

19. The Company shall provide gates in its power-house of such capacity as will discharge 40,000 c.f.s. under the most adverse conditions of head and tail water level to be anticipated and to the satisfaction of the Minister.

It is my opinion that the plans of works provide satisfactorily for the degree of control necessary.

B. Do the proposed works provide the future navigation channel between Lake St. Francis at deep water in Hungry Bay to the site of the proposed navigation locks at Melocheville.

The conditions of the order in council which refer to this feature are:

5. The Company shall construct and maintain its canal so as to give a clear width of 600 feet on the bottom, a depth of 27 feet at low stage, and so as to afford average velocities of not more than 2.25 feet per second under any conditions of operation.

The radius of curvature shall not be less than 5,000 feet and one embankment shall form a prism on the north side of the canal. The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of the International Joint Board of Engineers report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

The dam and all other works of the Company, upon and along the canal, including the canal itself and the embankments, walls and retaining structures, and the sub-structures for the movable spans mentioned in clause 10, shall at all times be maintained in a proper state of repair by the Company, so that the canal and every part thereof shall be constantly available for the purposes of navigation throughout the period of the above recited lease or any renewal thereof so far as the dam and works situate upon provincial Crown property are concerned, and for all time so far as works situate upon the property of the Company are concerned. For the purposes of these conditions "navigation" means local navigation throughout the reach of the canal and through navigation when the locks and appurtenant works mentioned in clause 7 are completed.

7. Whenever the Governor in Council shall decide to construct locks and appurtenant works to connect Lake St. Louis with the canal reach for navigation purposes, His Majesty shall have the right, by his servants or agents, to enter upon and use any part of the applicants' lands, buildings, property or works which may be required for the purposes of such construction, and for the operation and maintenance of such locks and appurtenant works when completed, and the applicants shall convey to His Majesty the King in the right of the Dominion of Canada, free of all cost or encumbrance, the title to the necessary land sufficient for the site of such locks and appurtenant works, and no claim for any indemnity whatsoever owing to loss or inconvenience to works, operations, installations or distribution of power will be made by the Company, arising out of the construction of temporary or permanent works by His Majesty, either at the entry works, along the course of the stream, or at or below the proposed works.

It is to be noted that the Company has not submitted for approval the plans of bridges referred to in condition No. 10. Those plans, when received, will be covered by a separate report.

The dimensions of the navigation passage proposed meet the requirements of condition No. 5. As no comparable construction conditions, involving the disposal of such quantity of material as is involved in the Company's scheme, were encountered in the study made by the Joint Board of Engineers and published in their report of November 16, 1926, the embankments proposed by the company have been designed to meet the conditions peculiar to their project.

The Company has executed the agreement, dated, 30 July, 1929, Departmental No. 18047, authorized by P.C. 1244 of 19 July, 1929, to meet the requirement of conditions 7 and 9 of the order in council of March 8, 1929.

Q. If it is the intention to maintain a navigable depth and width in the St. Lawrence river between Lake St. Francis and Lake St. Louis works would

be required to compensate for the diversion of 40,000 cubic feet per second of water contemplated in the order in council of 8 March 1929.

The Company submitted plans of proposed works at the time it applied for approval of its scheme. These were not considered satisfactory.

The Company submitted plans of proposed works for this purpose with its letter of the 29th July, 1929. These plans have been withdrawn for amendment by their letter 22nd August, 1930, and they have not yet re-submitted their scheme for this section.

It is to be observed that the Dominion Government has provided, in the existing Soulanges Canal, adequate means for commercial navigation to pass from one lake section of the St. Lawrence to the other. The river channel between the lakes is used by the Canada S. S. lines passenger vessels running the rapids.

I am advised that the company have so far been unable to design compensating works in the River Section which will meet the requirements of navigation as it exists down the River Channel, and at the same time compensate the Montreal Light, Heat and Power Company—Cedars Rapids plant. Both these interests will disappear as such when the time comes for the further development of this section of the river for a further amount of power.

It is observed that the Committee of Engineers which studied the Beauharnois Light, Heat & Power Co., project observed in their report of 30 January, 1929;

With respect to the effect of works on river or rapids navigation, the committee finds that the diversion of 40,000 c.f.s. will adversely affect navigation in the Soulanges section and that the works proposed by the company for rectification purposes in this section are not satisfactory.

The Committee finds, however, that with modifications therein there is a reasonable likelihood of the present condition being largely recovered. It is pointed out by the Committee that these works are largely experimental, are relatively costly, and in view of the possibility of the balance of power being developed in a short time, the expenditure involved is likely to be lost before many years.

As to the Montreal Light, Heat & Power Company's investment in the Cedars Rapids power plant, the approval of the company's works was subject to regulation No. 23, which is:

23. The company shall save the Dominion Government harmless should the construction of the works affect rights heretofore existing above, below or comprised within the area of the proposed works, the Company to be responsible for and to compensate for any damage which may be caused by the works to other companies or interests owning or operating water-power on the St. Lawrence River including Lake St. Francis, and the company shall settle, pay and fully provide for the claims of riparians and other persons who may sustain any loss or damage in consequence of the construction of the said works or any of the works which the company may require to construct and maintain for the purpose of restoring and maintaining the navigation of the St. Lawrence.

Attention is also drawn to regulation 12, which requires:

12. No work in the St. Lawrence river shall be undertaken until a program of construction shall have been submitted to and approved by the Minister.

The situation therefore is that the company have filed plans of the Navigation Works on its land property and of the Control Works at the outlet of Lake St. Francis but have withdrawn for amendment and have not re-submitted plans of its proposals in respect to the river channel below Lake St. Francis, or its program of construction required by Condition No. 12.



Subject therefore to the application, as may be required, of Condition No. 4;

4. Notwithstanding the approval herein contained the Minister of Public Works may at any time.

- (a) order any additions to, improvements, alterations, or changes in substituting for or modifications or removals of works constructed or in course of construction or proposed or required to be constructed by the Company pursuant to this approval, and
- (b) at any time require the Company to construct and maintain such further or other works as the Minister may consider are required fully to preserve or restore and maintain the navigation on the St. Lawrence river, and may from time to time require the company to make such changes or modifications in the said works or to remove the same or any part thereof, or to substitute other works in their stead, as he may in his judgment consider necessary for such purpose, and

The Company shall comply with, observe and perform all orders and requirements under clauses (a) and (b) hereof.

and to the company submitting and obtaining approval of its program of construction for works in the St. Lawrence river, under Condition No. 12, prior to obtaining which no diversion is permissible, I would recommend approval of the plans submitted.

*Chief Engineer.*

HOUSE OF COMMONS, ROOM 231,

THURSDAY, July 2, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. GORDON: All right, Mr. White, we shall commence.

KENNETH MACKENZIE CAMERON, recalled.

Mr. WHITE: I should like to clear up the question of the entrance to the proposed canal from the Lake St. Francis end. I understood you to say that first the plans which were originally attached to the letter of August 22nd, 1930, part of Exhibit 18, were somewhat modified by you before approval. Your approval was on the 13th November, 1930, and that these suggested modifications or changes were embodied in the other plans which were filed with the department, and dated August 22nd?—A. Yes sir.

Q. I have looked at those plans which are part of Exhibit 18, and I find no modification, at least, so far as I can read the plans, I find no modification or narrowing of the width at the St. Francis or west end of the canal; in other words, the opening through the dyke, the width between the embankment there shows something, I take it, in excess of 3,300 feet?—A. Yes, it would.

Q. Considerably in excess?—A. It is splayed out.

Q. That is the mouth. Is it proper to call it the mouth of the canal there?—A. The source, I suppose.

Q. The entrance to the canal is splayed out, or goes out in a sort of curve at the dyke as shown on this plan, and the distance between the embankments is somewhat in excess of 3,300 feet?—A. Yes, sir.

Q. Looking at that plan, would you care to make any estimate of it, or is it scaled?—A. Yes, there is a scale, 2,000 feet to the inch.

Q. Have you a scale?—A. I am sorry, I have not.

Q. Would you just take the scale furnished and measure along the dyke there?—A. Yes.

Q. Tell us about what width it is there?—A. About 4,800 feet.

Q. Then you told us about what the plans indicated to you as to the opening in the dyke?—A. Yes.

Q. Is there any provision in any plan other than the one at which you are looking embodying your ideas as to modification of the plan filed on August 22nd, 1930, as to the opening, the width of the opening, in the dyke?—A, No sir, there is no other plan.

Q. No other plan?—A. Not that I have any recollection of.

Q. So that the only provision we have governing the introduction into the canal, or regulating the introduction into the canal of a maximum of 40,000 c.f.s. is the width of the opening as you say it is indicated upon this plan, part of Exhibit 18?—A. I would hardly answer that just definitely "yes sir", for this reason, that condition No. 12 of the Order in Council has not yet been complied with and I would take it—

Q. Condition No. 12 I take it to be applicable to the remedial works only?—A. No, works in the river.

Q. Remedial works?

Mr. FORSYTHE: No, it does not say remedial works.

Mr. WHITE: We were given to understand the other day—I cannot follow the contention of the parties—I understood we were given clearly to understand that there was a clear distinction between condition No. 11 and 12.

The CHAIRMAN: That is obvious.

Mr. MONTGOMERY: I hope you won't draw any inference from argument.

The CHAIRMAN: Reading No. 12 leaves no doubt. "No work in the St. Lawrence river shall be undertaken—"

Mr. WHITE: I thought it was clear. No. 12 says:—

No work in the St. Lawrence river shall be undertaken until a program of construction shall have been submitted to and approved by the Minister?

A. Yes, sir.

*By Mr. White:*

Q. I take it that means just exactly what it says?—A. Yes, sir.

Q. That it is not a work in the St. Lawrence river, as far as work is concerned, it is on land owned by the Dominion government upon which the work has been constructed?—A. Yes, that is quite true.

Q. Perhaps with that explanation, and you have agreed with what I suggest, you will answer the question. Are you in a position now to answer the question?—A. I think I get your point, sir. There is nothing to indicate, I am quite free to admit, according to the plan, that that section of the dyke only was to be touched.

Q. That is not exactly what I want to get at. I do not agree with you, and I think other engineers would not agree with you, but that plan does indicate an opening into the dyke. However, that is subject to further evidence and argument, and you and I need not get at cross purposes about it?—A. No, it is still my intention,—

Q. You have very definite ideas about it, apparently. The question is, other than this plan, is there any other plan, or is there anything to indicate how the introduction of any more than 40,000 c.f.s. into the canal, the diversion of that amount from the St. Lawrence river will be regulated or controlled?—A. Yes, sir, there is a plan here showing the capacity of the sluices at the power houses to regulate the flow down the channel.

Mr. MACKENZIE: Which plan is this, Mr. White?

Mr. WHITE: This is the plan with Exhibit 18, the one originally sent with the letter of October 22nd, 1930.

Mr. MONTGOMERY: You said October, it should be August.

The WITNESS: The point I would make sir, is that no matter what the width is here, suppose they had left it the full width, until they had opened the other end no water would flow through at all.



*By Mr. White:*

Q. Mr. Cameron, you told us very distinctly the other day that the reason that you modified it was that you felt you were responsible for the amount of water that was introduced into the canal, that you therefore confined the opening to the 600 foot channel, which would be sufficient for the withdrawal of 40,000 cubic second feet. Now, did you mean that?—A. What I think I said—

Q. Did you mean what you said?—A. Yes, I meant what I said.

Q. Am I correct in my general interpretation of it?—A. No sir.

Q. In what respect am I not correct?—A. I said the Order in Council provided that the channel was to be 600 feet wide and 27 feet deep, and I thought that—

Q. 600 feet wide at the bottom?—A. At the bottom, and 27 feet deep. I think if that showed anything which would indicate that anybody could possibly construe as the intention of anyone to widen any further than that; that they were not within the limits set by the Order in Council.

Q. With a channel being dug there of 4,800 feet—A. 4,800 feet.

Q. —what would be the sense of digging it that width at that point if it was not for the purpose of introducing more water ultimately?—A. May—

Q. Will you answer that? Is there any rhyme or reason or sense in digging a channel 4,800 feet wide for the introduction of—A. The channel is not being dug 4,800 feet wide, sir, the banks of the dyke on natural ground are that far apart.

Q. Is there any object in putting these banks that far apart at that point other than the introduction of more than 40,000 c.f.s. of water?—A. I presume that—I always had in mind if they could get more water they would be glad to get it; that is not within my purview.

Q. You knew all about what they were doing?—A. Yes, sir. I never had any doubt in my mind that they would come back and ask for more water.

Q. That is the reason they were putting the banks as wide as that?—A. Surely, no doubt in my mind.

The CHAIRMAN: We have been whaling away for days, and have not got an expression from you as frankly as we should like?—A. I can give you that perfectly frankly; I never had any doubt at all in my mind in that score.

Mr. STEWART: Mr. White is asking about the width of the intake.

Mr. WHITE: I was trying to find out Mr. Cameron's reason for modifying the plan that was filed in some way to indicate the opening in the dyke—

The WITNESS: It is 600 feet at the bottom.

Q. How many?—A. 27 feet deep.

Q. How many feet is it on top?—A. Whatever the slope would be that the material would be held at.

Q. Don't you know?—A. I cannot tell you off-hand, sir.

Q. Here are the plans. Tell us.—A. I will have to figure it out at water level; the width at the water line would be approximately 880 feet.

Q. What is the slope on the bank?—A. The slopes shown on the plan are 4 to 1 from the ground level down and 3 to 1, 3 horizontal and 1 vertical from ground level up to the water line.

Q. Do you say at that point there is sufficient slope?—A. I would think so, sir.

Q. So you found it about 800 feet—A. 880 feet.

Q. Is that exact?—A. Well, as near as I can scale it from the plan.

Q. I know. Is it exact? Is there any record which shows the exact width of the opening of the dyke which you have recommended. I mean exact, because it is a question of conveyance by the Department of Railways and

Canals of a perfectly described piece of land.—A. No sir, there is nothing; there is no definite section taken right along the dyke at the point where the opening is.

Q. May I take it as a categorical answer to my question?—A. Yes, sir.

Mr. STEWART: I would like to put that down. What was that again, Mr. Cameron?

The WITNESS: At the intersection—

Mr. JACOBS: The reporter will read it for you. (Reporter reads):

No, sir, there is nothing; there is no definite section taken right along the dyke at the point where the opening is.

*By Mr. White:*

Q. Well, if, as and when, the Department of Railways and Canals comes to convey this property, that is, the section of the dyke, how are they going to know what they are to convey?—A. Well, they will have to take the application from the company and check it up and see whether there is too much or enough.

Q. There is nothing definite, as I take it from you, upon which they can go, no definite section recommended by you?—A. Well, I do not think that; I think there must be. I must have misunderstood you. The location of the 600 foot bottom width canal is known.

Q. Where is the centre line of it by anything that is fixed on the ground? How can an engineer go down to the spot of that dyke and find the centre line of the 600-foot channel, a surveyor?—A. The base line on which the work is being carried out is staked out down there, and is—

Q. I know. Will you please try to look at it from our standpoint?—A. Yes, sir. The base line, the control line on which all the works are referred is staked out down there; the position is known.

Q. What is the control line? How would I find it out if I am a surveyor going down there?—A. Go down and ask the engineer to point it out to you.

Q. There is no plan showing it, is there. It is not shown on any of these plans?—A. Not shown on any of these plans, no, sir.

Mr. JACOBS: We saw the ditch there yesterday about, I should think, three or four hundred feet away from the dyke.

Mr. WHITE: Whatever it is.

Mr. JACOBS: I suppose they just continue the ditch along a straight line.

Mr. WHITE: A surveyor has to go out and make a correct description of a piece of land that is required to be conveyed.

Mr. MONTGOMERY: Mr. White, would you mind asking Mr. Cameron to look on the plan and see if the base line is not indicated on No. 1.

*By Mr. White:*

Q. Will you do that, please. I assume Mr. Cameron would know that?—A. That feature is not quite in the picture definitely, yet. The location of the dyke is definitely referred to on the plan.

Mr. MONTGOMERY: The base line is what I had in mind.

*By the Chairman:*

Q. Is there a base line?—A. There is a line indicating the base line. I notice it is marked here, too. It runs along the top of the dyke.

*By Mr. White:*

Q. Which dyke?—A. The north dyke, sir, the north embankment.

Q. Follows along the north embankment. That is the side immediately adjoining the 27-foot channel?—A. Yes, sir.

Q. So in order to get that, one would have to measure from that to the centre line of the canal, and then figure his slopes?—A. Yes, sir.

Q. And then determine how much has to be taken out?—A. Yes.

Q. There is no definite determination on this plan at which you are now looking?—A. No.

Mr. MACKENZIE: Has the application from the company to the Department of Railways and Canals been filed?

Mr. WHITE: Mr. Morin will look up that.

Sir EUGÈNE Fiset: Are you sure this is not one of the plans that has been withdrawn? Do you know if in the plans that were withdrawn there was a plan indicating exactly the mouth or the opening of the dyke and the extension of the work into the river?

The WITNESS: I cannot tell you that, sir, off-hand, no, sir.

*By the Chairman:*

Q. Is it fair to assume that your department is leaving it pretty well to the engineers of the Beauharnois company to project their plans as the work progresses, and then you will recommend the plans submitted to you from time to time?—A. From time to time they come to us with ideas, and they say:

Now, for such and such a purpose we suggest this as an improvement in the scheme, and we discuss it.

Q. Have they done that from time to time since inception?—A. Yes, sir.

Q. The only change that you have recommended is to draw a line across the outlet of Lake St. Francis on the plan?—A. That and the control at the power house end.

Q. To see that the sluice sources were properly done?—A. Yes sir, so that we could definitely control the flow of the water.

Q. The changes you recommend on the plan is the drawing of a line across the entrance. You, yourself, do not know from the plan where the centre line of the outlet through the dyke will be?—A. Well, it will be approximately half of the 4,800—south of the base line.

Q. We will put it this way, the plans that you approved of show something of a line across the mouth of the outlet to Lake St. Francis, and something in connection with sluices raised at the opening to Lake St. Louis. It does not show exactly where the outlet through the dyke will be? You cannot identify it from the plan attached to Exhibit 18?—A. Well, it would be a matter of probably being out a mere 10 feet. It is a question—

Mr. WHITE: Quite a distance on the end of one's nose.

Sir Eugène Fiset has asked as to the application to the Department of Railways and Canals, and Mr. Morin has pointed out that that appears on page 175 of the Evidence. It is a plan of the 29th July, 1929, and I would have supposed that, in view of the plan not having been approved until November of 1930, there would of necessity be some modification.

Hon. Mr. MACKENZIE: Is that the plan approved of in the letter?

Mr. WHITE: It cannot be.

Hon. Mr. MACKENZIE: Evidently the plan referred to in this letter gives the description of the land applied for.

Mr. WHITE: This letter from the company of July 29, 1929, says:

The Beauharnois Light, Heat and Power Company desires to make application for a certain part of the dyke on the South shore of Lake St. Francis, known as "Hungry Bay Dyke," Lot No. 340 of the Parish of



Ste. Cecile, County of Beauharnois, now owned by the Department of Railways and Canals of Canada. The attached description and plan No. 291-9-9, signed by Mr. Arthur W. Sullivan, Q.L.S., indicates in detail the limits of the property required by the company.

Now, I think we will have to send for that plan and we will know what the application was.

Do you know, Mr. McLachlan, whether that would be in your files or in the files of the Secretary of the Department?

Mr. McLACHLAN: It would be in the files of the Secretary of the Department.

Mr. WHITE: I wonder if Mr. Dun would communicate with the Secretary of the Department and ask if he would let you have it or would bring down here that file?

Sir EUGÈNE Fiset: If you read the last part of the paragraph which you have just read from, I think it indicates really what Mr. Cameron has said:

The detailed plans and information submitted to the Minister of Public Works, in pursuance of Condition No. 11 of the said order in council, show the salient features of the proposed canal.

Mr. WHITE: Yes. Those detailed plans were never approved.

Sir EUGÈNE Fiset: They were plans 291-9-9 with the Department of Railways and Canals, which will show the whole details of the plan?

Mr. WHITE: Quite so.

Mr. MONTGOMERY: They check, you observe, with the second set of detailed plans sent up on the same date.

Mr. WHITE: We will find out how much of the dyke they were at that time applying for.

Sir EUGÈNE Fiset: Mr. Chairman, do you think it would be a fair question to ask Mr. Cameron whether the plan referred to deals entirely with the construction of the canal itself outside of the portion on the western side of the dyke, which includes Federal property as well as Provincial, as well as Hungry Bay?

*By Sir Eugène Fiset:*

Q. You have not dealt with the property at all which is dealt with by the Department of Railways and Canals?—A. No, sir. In my report I state that until certain things are done by the Company it will be impossible to recommend that permission be granted to bridge the dyke.

*By Mr. White:*

Q. What are those things?—A. That they shall file their application, their plans, for approval of the remedial works for the river section of the development, that is from Lake Francis down to Lake St. Louis, and that they shall file their program of improvements under Condition No. 12 of the Order in Council.

Q. You do not mean only file, but you mean until they are filed and approved by you or on your recommendation by the Minister?—A. Yes, sir.

Q. In other words may we take it that until the Minister approves of the plans of the remedial works and the works in Lake St. Francis, you are not required to make any recommendation in regard to bridging of the dyke?—A. Oh, I recommended that they be not bridged, definitely, I think. You will find that in the November 14 report.

Mr. STEWART: Page 261, right at the bottom of the page.

*By The Chairman:*

Q. Mr. Cameron, what is going to happen to the highway on the dyke after it is done?—A. We have always considered that, sir, primarily a municipal and

provincial matter, and it was up to the company to satisfy the municipality in the various jurisdictions, up to the province, and to show us.

Q. The highway was on the dyke?—A. Yes.

Q. The dyke belongs to the Dominion Government?—A. Yes, but the highway, I think, is there by sufferance.

Q. Who does the improvements on that highway?—A. That I cannot tell you, because the Public Works Department has not anything to do with the Hungry Bay Dyke.

Q. Who has? The Department of Railways and Canals, who built the highway on the dyke?—A. That I could not tell you, sir.

Q. I gathered from some evidence that was given earlier in the investigation, that the Dominion Government through one Department or another spent considerable monies in keeping the dyke in repairs?—A. Mr. McLachlan said that in his evidence, and he would be in a position to know, because he is with the Department of Railways and Canals.

*By Mr. Jacobs:*

I gather that these are rather water-tight departments, and that the right hand does not know what the left hand is doing?—A. I hope I have not left that impression with the committee. That is one of the things I have endeavoured not to do.

*By Hon. Mr. Mackenzie:*

Q. You cooperate to do that?—A. Yes.

*By The Chairman:*

Q. The evidence which has been given from the Department seems to indicate that there was a conflict of views between the Departments, or let us put it in this way: one Department was unable to identify the effort of the other?—A. Well, sir, insofar as the Hungry Bay Dyke is concerned, that is a portion of the Government property administered by the Department of Railways and Canals and is recognized by me as such, and I have always told the representatives of the company, on more than one occasion, that they would have to produce evidence of their having satisfied the Department of Railways and Canals in respect to that matter.

*By Hon. Mr. Mackenzie:*

Q. There may be such a thing as a question of jurisdiction between the Departments?—A. I cannot help that. I try my best to work harmoniously with them, and they do with me.

*By The Chairman:*

Q. In your evidence given the other day, you stated in effect that the wharf sites down on the south bank, where acquired, would be acquired by the Dominion government because slipways would be dredged in from the main navigation channel, where boats could go down the slipways and tie up at the wharfs. I was interested in that statement of yours, after going over the ground. Were you serious about that?—A. Well, sir, as I said it would only be in case such an expenditure were warranted. There are several locations for possible wharf sites. One has been suggested on the south side. There is one on the north side. There is supposed to be a perfectly good highway communication, and it is only to my mind in case a very large community would spring up on the south side that there would be any necessity for spending any money there.

*By the Chairman:*

Q. Building slipways?—A. Slipways and wharves. It is something that would have to be met when the circumstances warrant it.

*By Mr. Jacobs:*

Q. And if the whole of the St. Lawrence is diverted into it there will be no necessity for slipways?—A. If that is the case it would have to be dredged deep enough.

Q. If the entire stream is diverted into the canal there would be no necessity for dredging?—A. No. The dredging would be done.

Q. It would be done automatically?—A. Automatically, yes.

Mr. WHITE: 291, did you say, Mr. Stewart.

Mr. STEWART: No, 261.

*By Mr. White:*

Q. Will you look at your report, Mr. Cameron?—A. I have not got a copy, Mr. White.

Mr. WHITE: May I call Mr. Anderson for a moment, Mr. Chairman. He is from the Department of Railways and Canals.

The CHAIRMAN: Yes.

PERCY M. ANDERSON, called and sworn.

*By Mr. White:*

Q. Mr. Anderson, you produce from the Department of Railways and Canals File No. 16299?—A. Yes, sir.

Q. Which contains the original of a letter dated July 29, 1929, to the Secretary of the Department of Railways and Canals from the Beauharnois Light, Heat & Power Company, for the purchase of part of the Hungry Bay Dyke now owned by the Department of Railways and Canals, Canada?—A. Yes, sir.

Q. In which reference is made to the attached description and plan number 291-9-9 signed by Arthur W. Sullivan?—A. Yes, sir.

Q. The description follows and the plan is attached showing an application for the conveyance of so many lineal feet along the dyke. How many lineal feet can you tell, Mr. Anderson?—A. I have no knowledge of the actual merits—

Q. It is not a case of merit at all?—A. I have no knowledge of the actual facts in the matter.

Q. I see, you have not looked at it at all?—A. No.

Q. However, that is the plan referred to?—A. That is the plan referred to.

The CHAIRMAN: How do you describe that, Mr. White.

Mr. WHITE: File, Department of Railways and Canals No. 16299, application for conveyance of part of Hungry Bay Dyke.

The CHAIRMAN: That will be Exhibit No. 35.

Mr. WHITE: The description reads as follows:—

Description of a parcel or tract of land situated on the south bank of Lake St. Francis, in the county of Beauharnois, and commonly called Hungry Bay Dyke, which is to be acquired by the Beauharnois Light, Heat and Power Company from the Department of Railways and Canals of the Federal Government of Canada.

All and singular, that certain parcel or tract of land and premises situated, lying and being in the Seventh Concession of the Parish of Ste. Cecile, in the county of Beauharnois, and being composed of part of Lot No. 340 of the Official Plan and Book of Reference of said Parish of Ste. Cecile, indicated by the letters B-C-D-E-F-G-H-I-J-K-L-N-O-P-Q-R-S-T-U-V-W-X-B and outlined in red on the plan No. 291-9-9 hereto annexed, prepared by Arthur W. Sullivan, Quebec Land Surveyor,



dated June 17, 1929, which said parcel or tract of land may be more particularly described as follows:—

Commencing at a boundary stone monument planted in the year 1880 by C. E. Michaud, P.L.S., for the Department of Railways and Canals of that time, shown as B.S. B on plan, the said point B.S. B being at the distance of two hundred and two feet (202.0 feet) measured in a direction S. 10 degrees 51 feet W from another boundary stone monument at A, and at the distance of one hundred feet (100 feet) measured in the same direction from the point of intersection of the division line between lots Nos. 344 and 345 with the easterly boundary of lot No. 340 of the above said Parish.

Mr. McLachlan, will you scale this please, and see how much you make it.

Mr. McLACHLAN: I make it 8,600 feet.

Mr. WHITE: I think that is correct because you see the company, as I brought out yesterday, owns about 8,000 feet, that is, outside the canal; so that the application would correspond to the whole of the lands which they own and occupy on each side of the dyke.

The CHAIRMAN: Then do I understand this application is for the purchase of approximately 8,000 feet of the dyke.

Mr. WHITE: Yes.

The CHAIRMAN: Who approved of this application, anybody?

Mr. WHITE: Nobody has approved of it.

The CHAIRMAN: No engineer has approved of it, that is, no engineer of the department?

Mr. WHITE: It is simply in the file and an answer acknowledging receipt of the application, from the Secretary of the Department.

The CHAIRMAN: But no engineer of the Department has approved of it?

Mr. WHITE: There is a letter here which may throw some light on that. Again it is a departmental communication. I think it is not controversial.

Mr. JACOBS: I would not think so.

Mr. WHITE: This is from Mr. Pariseau, Superintending Engineer, to Col. Dubuc, Chief Engineer, Railways and Canals. It is dated April 24, 1929:

In connection with the portion of the Hungry Bay Dyke proposed to be sold to the Beauharnois Light, Heat & Power Company, description of which was submitted to you by Mr. F. B. Brown in his letter of the 31st July last, and left in my office on the 30th March and returned herewith, I would say that after discussing the matter with a representative of Mr. Brown he has come to the conclusion that it would be advisable to prepare another description, using, for the purpose, the boundary stones which have been planted all along the eastern side of the Dyke land, and send that description at an early date.

Mr. Brown writes on the 31st of July, 1928, to Colonel Dubuc:

Following our interview at your office on the 25th instant, I received a copy of the plan of the Hungry Bay Dyke from Mr. Pariseau, and in line with your suggestion I have drafted a description based on this plan. If it would be satisfactory to you, I would propose to use the plan as prepared by your engineers with a description by metes and bounds somewhat along the lines of the enclosed draft.

I shall appreciate it if you may be kind enough to read this over and tell me whether you think the description is satisfactory, and if not would you please have one of your men send me an amended draft

which would suit the case. We can then file the amended description and plan with you at any time that you desire it, but in the meantime, understand that the application filed last week is sufficient for preliminary purposes.

There was a photostat of the plans submitted at that time apparently, as early as 1928, and a description dated 31st of July, which apparently was not satisfactory to Mr. Pariseau who was the superintending engineer, and as a result the application of July 29, 1929, with the accompanying description and plan was submitted to the Department for approval, and following that Mr. Pariseau again makes a recommendation to Colonel Dubuc, and I see there are some things in that which perhaps had better not reach the public ear.

Mr. JACOBS: There is nothing sinister in it I hope, Mr. White.

Mr. WHITE: No suggestion of that kind, Mr. Jacobs. Just on that question of the roadway which you raised, Mr. Chairman, it is dealt with in this letter.

The CHAIRMAN: I would like to have some information on that.

Mr. WHITE: (Reads):

In the document which will transfer part of the Dyke to the Company, clauses should be inserted obliging them to either provide a highway bridge wherever the Dyke will have been removed or to undertake to indemnify all owners of farms fronting on said Dyke for all inconveniences and other damages which would result from the removing of part of the present roadway. As you know, this roadway provides the most direct communication between the City of Valleyfield and the Parish of Ste. Barbe. Another clause should stipulate that the Company would keep and save His Majesty from and against all claims, losses, suits, actions, etc., by whomsoever made in virtue of the removal of part of the present highway.

I am creditably informed that the Company has bought the farms adjoining this part of the Dyke which is to be removed . . . .

Before concluding this report, I would point out that the Department is under obligation to provide and maintain forever an outlet to all farms adjoining both sides of the Hungry Bay Dyke.

Hon. Mr. MACKENZIE: Have I got the situation correct? In the letter of July 29, 1929, the Company applied for property rights in connection with the Dyke.

Mr. WHITE: I take it to be that, sir, without checking the description in detail.

Hon. Mr. MACKENZIE: Roughly speaking that is correct, and that was not approved.

Mr. WHITE: The description was not approved.

*By Hon. Mr. Mackenzie:*

Q Mr. Cameron, the plans which you did recommend for approval on the 13th November, 1930, show how much of a gap in the dyke?—A. Well, according to my intended interpretation it meant an opening in the dyke of about 800 feet at water line based on a 600-foot bottom width canal.

*By Mr. White:*

Q. Of course, that was only from the standpoint of navigation?—A. Yes, sir.

Q. And not in any sense intending to interfere with the jurisdiction of the Department of Railways and Canals over the dyke?—A. No, sir, not at all.

Mr. WHITE: Then following the application of the 29th July, 1929, Mr. Pugsley, the Secretary of the Department, acknowledges receipt.

Then there is in the file a letter of September 14, 1929, from Mr. Maxime Raymond to the Hon. Charles Dunning, as follows:—

As a result of the construction of the new canal in the county of Beauharnois, many roads will be crossed by that canal.

In order to protect the interests of my constituents would you be kind enough, before granting the permission to cross the road along Hungry Bay, to ascertain from me if the road should not be maintained in its present state, that is to say, that a bridge should be constructed on that road in order to maintain the traffic on that road as it is.

And then Mr. Dunning's reply saying that he will be glad to receive any communications. And Mr. Raymond again writes on the 21st of September saying that the road had been in existence for over 100 years, and so on. I suppose we are not so much concerned with that because it is a provincial matter.

Sir EUGÈNE Fiset: Mr. White, will you clear this up. You said there was a blueprint—

Mr. WHITE: A linen tracing.

Sir EUGÈNE Fiset: Yes. Does that linen tracing deal with 8,000 feet or less.

Mr. WHITE: 8,600 feet roughly.

Sir EUGÈNE Fiset: I wonder if the tracing does deal with that.

Mr. WHITE: Yes, it deals with that.

Sir EUGÈNE Fiset: You did not read the description of that one.

Mr. WHITE: I have not read really the description of any. This is the same scale.

The CHAIRMAN: Mr. McLachlan, will you kindly scale that for Mr. White.

Sir EUGÈNE Fiset: The reason I am asking is because it appears to deal simply with the actual width of the canal.

Mr. McLACHLAN: It would be about 1,300 or 1,400 feet less.

Mr. WHITE: That is, the second application was for that amount more than the original, and if you will refer to the small plans which were supplied, and which we had with us yesterday at Beauharnois, you will observe that, in red, there is indicated there the length of the dyke which is to be taken out apparently, which will give you some idea of what the application is.

The CHAIRMAN: Mr. White, on the plan that was supplied us yesterday I take it that the red dotted lines at the Lake St. Francis end of the canal indicate what is in the mind of the company as to that part of the dyke over which they hope to get control.

Mr. WHITE: That is just what I have pointed out, sir.

The CHAIRMAN: That then is not in harmony with Mr. Cameron's viewpoint.

Sir EUGÈNE Fiset: Oh, yes. The company is making application to have a certain portion of the dyke transferred to them, that is, the first application. Then they made a second application in accordance with the request of the Department of Railways and Canals for 1,600 feet less of the dyke than they applied for the first time.

Mr. WHITE: No, 1,600 feet more.

Sir EUGÈNE Fiset: Less, you said.



Mr. WHITE: No. The second application of July 29, 1929, was for some 1,300 feet more.

Sir EUGÈNE Fiset: I thought it was less.

Mr. WHITE: No, more than the original application.

Sir EUGÈNE Fiset: But this application has nothing whatever to do with the opening of the dyke.

Mr. McLACHLAN: The tracing shows a greater length of land.

The CHAIRMAN: Oh, yes. The photostat shows about 1,300 or 1,400 less than the subsequent tracing, and the subsequent tracing indicates clearly that what is in the mind of the Beauharnois Company is to get control over the dyke completely, over the part which they own, which is something over 8,000 feet. I do not think Mr. Cameron understands that.

Mr. WHITE: Mr. Cameron is concerned, as General Fiset points out, with the question from the navigation standpoint whereas the Department of Railways and Canals have to consider it from the standpoint of an application for conveyance of certain Crown lands to the company. When the land is conveyed I do not know what will be the situation then, as it has been said here the company can do as it likes on its own lands.

*By Sir Eugène Fiset:*

Q. I suppose, Mr. Cameron, that the opening of the dyke itself will be controlled by the plans that will be submitted later on in connection with the remedial works?—A. That is what I have been working up to, sir.

Mr. WHITE: That is, the approval of the Minister.

Sir EUGÈNE Fiset: Yes.

Mr. WHITE: On the 25th of February, 1930, there is a letter addressed to R. A. C. Henry, Esq., Deputy Minister, Department of Railways and Canals from Mr. Griffith, Secretary, Beauharnois Power Corporation:—

Some time ago the Beauharnois Light, Heat and Power Company made application to your Department for a portion of the Hungry Bay Dyke which will be required in connection with its proposed works in the County of Beauharnois. Would you be kind enough to inform me how this matter now stands with the Department. The Company will be ready at any time to take the matter up in greater detail with the Department if that is necessary.

Apparently they have not taken the dyke over, but they took Mr. Henry.

Mr. JACOBS: Did Mr. Henry answer that letter, Mr. White.

Mr. WHITE: I am just going to see, sir. That was February 25, 1930. There is an inter-departmental communication from Mr. Pariseau to Col. Dubuc, dated 24th September, 1930. There is no written communication from Mr. Henry.

Mr. JACOBS: Who signed that letter.

Mr. WHITE: The letter to Mr. Henry is signed by Mr. Griffith, Secretary of the Beauharnois Company.

Then on September 25, 1930, a letter is written to the Beauharnois Power Corporation Limited by Mr. Pariseau, the superintending engineer:—

Our Department desires to know who gave you permission to deviate the Hungry Bay Dyke road and cut a gap through it in order to admit lake water into the trenches cut by your dredges, also to cover the land it owns along the eastern side of same at your earliest possible convenience.

I may say that I asked as to where that water came from and I was informed it came from the old feeder; but that obviously cannot be the case, because that empties into the St. Louis river.

Mr. GARDINER: You might clear that point up, Mr. White.

*By Mr. Gardiner:*

Q. Has there been a new cut made into Lake St. Francis other than the feeder?—A. There has been a new opening for the feeder cut through the dyke and they have applied for approval of that under their lease. You see, they hold a section of the Hungry Bay Dyke under lease, and when they came to project their canal the feeder crossed it at an angle from north to south. What they wanted to do was to take the intake from the north side of their proposed canal and put it on the south side and then dig a ditch down to Lake St. Louis that way.

Q. Has the opening been made?—A. The opening has been made and operating.

Q. Are they taking the water through both openings?—A. All the water they are taking through the old one is just enough to keep their hydraulic supplied with water.

Q. And the new one supplies the feeder?—A. The new one takes the place of the former and supplies the water to the St. Louis river.

Q. Has any permission been granted for that, has that been approved?—A. An application was made to our department for formal approval of that. We looked into it and made the recommendation that it be approved.

Q. When was the application made, do you know?—A. Some time during last summer I think, Mr. Gardiner.

Mr. WHITE: There is a letter here dated November 25, 1930, which may throw some light upon it. The scene has changed somewhat. It is written by R. A. C. Henry, Vice-President and General Manager of the Beauharnois Company:

PIERRE PICHÉ, Esq.,  
Acting Superintending Engineer,  
Department of Railways and Canals,  
961 Inspector St.,  
Montreal, Que.

DEAR SIR,—In reference to your letter of November 13 may say that the Company some considerable time ago made an application to the Department of Public Works for a revision of its lease taken out on December 28, 1909, with a view to covering the situation arising out of the diversion of the St. Louis Feeder and the Company is advised that the Department of Public Works will consult with the Department of Railways and Canals with a view to obtaining the necessary approval of such diversion.

Hon. Mr. MACKENZIE: What is the date of that.

Mr. WHITE: November 25, 1930. The application is not on this file. It was made to the Department of Public Works and is in probably one of the 804 Series of files.

Mr. JACOBS: It is not intended that the taking of that water will in any way interfere with navigation.

Mr. WHITE: It is not sufficient in quantity, Mr. Jacobs. It is only a question of whether a Dominion right has been interfered with and the Department seems anxious to put itself on record so that they will not be taken to have acquiesced.

Mr. JACOBS: Mr. Chairman, I would move that this committee adjourn until to-morrow. We were away from Ottawa all day yesterday visiting the works and we would like to check up the evidence so far given by the experts with what we saw yesterday. That is the chief reason that I give for asking the adjournment. Furthermore, the weather is so hot that I think we can reasonably ask for an adjournment until the weather gets a little cooler. We cannot do proper work with the temperature around 100 and inasmuch as we are likely to remain here for the next three or four weeks on this work I feel that we will have ample time to exhaust the subject, and, for that reason, I ask for the adjournment until to-morrow.

Mr. WHITE: At 11 o'clock?

Mr. JACOBS: At 11 o'clock, if that meets with the approval of the committee.

The CHAIRMAN: I think General Stewart would like to say something.

Mr. STEWART: A good many of the members have been speaking to me, and they all express the hope that this committee will not hold up the House when the House is ready to adjourn—

Mr. JACOBS: The fact that we are here is very good proof that we are not holding up the House. If we were in the House and addressing them as often as we usually do we might hold it up.

Mr. STEWART: You did not wait until I got through, Mr. Jacobs. I was going to say, when they would be ready to adjourn we would not be holding them up. Now, if we can sit some extra time when it will be cooler I think we will make faster progress.

Mr. JACOBS: We might consider night sittings when it gets a little cooler.

Mr. WHITE: Have a little mercy on the counsel.

Mr. JACOBS: We do not intend to cut off the fees of the counsel during the adjournment.

Mr. WHITE: It was not that. We have to prepare for the next day and that takes some time. Personally, I am sitting up till 1 and 2 o'clock every morning getting ready for the next day.

The CHAIRMAN: I have spoken to several members of the committee and I am presuming that Mr. Jacobs has consulted with Mr. Mackenzie and Sir Eugène, in regard to the request for an adjournment.

On our visit to the plant yesterday I know I got a clearer picture of the works, and I am sure the other members of the committee did also, and I am inclined to the view that we would advance the work of the committee if we did adjourn until to-morrow. I know I would like to check up on the plan submitted to me with some of the evidence that has been given, and I feel confident that counsel would like to do the same thing. But I am impressed with what General Stewart says about the absolute necessity of our hurrying along with our work here in this committee, even at the expense of discomfort. To date it has been difficult to make the progress that I had hoped we would make because of the complexity of the evidence that has been submitted and the plans that have to be identified. I do hope, however, that when we resume again to-morrow morning we can go along with greater speed, because even if we have to hold three sessions a day we must not hold up the adjournment of the House of Commons.

It will be very unfortunate if this committee was not able to conclude its work so that its report is ready before Parliament prorogues.

Mr. Stewart has just called to mind the reception we received from the Beauharnois company when we visited the works yesterday. They had plans prepared for each member of the committee, and we were certainly given every



opportunity to see the work that was going on, and I trust that we will all be invited back when the work is completed.

Hon. Mr. MACKENZIE: I wonder if Mr. White would give us some idea as to the next witness he intends to call.

Mr. WHITE: I was just going to speak about that. It has been brought to my attention, Mr. Chairman, that it is desirable that we should have the evidence of Mr. Frank P. Jones and I would ask your permission for an order to procure his attendance here.

Mr. JACOBS: When do you expect to conclude with the experts?

Mr. WHITE: I am assuming, Mr. Chairman, that each of the engineers who signed this report is going to be called, and I should think—so far as I can prognosticate—that their evidence might be comparatively short. After that I propose to go into the organization of the companies, first, the Beauharnois Light, Heat and Power Co., the syndicate, and the Beauharnois Power Co., and three of its subsidiaries.

Hon. Mr. MACKENZIE: Do you think that will be equally technical, Mr. White.

Mr. WHITE: Mr. Symmes and the auditor whom I have here are working on that now, and I think that they will have boiled it down pretty well, so that it will only be necessary for me to bring to the attention of the committee the highlights, as it were, and it is with that object in view that I was thinking to-day's adjournment might save considerable time in that respect, because we will go right to work this afternoon.

The CHAIRMAN: Do you want Mr. Jones here at 11 o'clock to-morrow morning?

Mr. WHITE: Tuesday will do for him, Mr. Chairman. Then I think perhaps we ought to take the evidence of Mr. Henry.

The CHAIRMAN: Whom do you want here to-morrow at 11 o'clock?

Mr. WHITE: There will be Mr. Cameron to finish and Mr. Cote, and Mr. Johnston to-morrow, and then I propose to call Mr. Henry.

Mr. MONTGOMERY: Do you propose to call Mr. Coutlee? Mr. Coutlee did not sign the report, but you will recall Mr. Cameron referred to him in connection with his evidence.

Mr. WHITE: The difficulty that has presented itself to my mind about that is, practically all of the communications from Mr. Coutlee that I have been able to find in the file are departmental communications. If it is intended that those shall be brought to the attention of the committee I shall be very glad, of course, to call Col. Coutlee.

The CHAIRMAN: We will decide that as it arises. We will adjourn until 11 o'clock to-morrow morning.



Room 231,

HOUSE OF COMMONS,

FRIDAY, JULY 3, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. STARR, K.C., for Senator McDougald.

Hon. LUCIEN CANNON, K.C., for the Province of Quebec.

LUCIEN MORAUD, K.C., for the Royal Trust Company.

MR. WHITE: Mr. Chairman, after adjournment yesterday I had McLachlan compare the description and the plan attached to the application for the conveyance of a portion of the Hungry Bay dyke, and I find that in checking closely the lineal feet indicated upon the plan, and which correspond to the description, that the number of lineal feet from one end to the other of the property which is sought to be acquired—the distance is 9,064.6 feet.

Hon. Mr. MACKENZIE: On the dyke itself?

MR. WHITE: Yes. It will have to be remarked, however, that that is not in a straight line; it follows the varying courses indicated on the plan and in the description, and the distance would be slightly shorter than that if made in a straight line.

I also have handed to me a continuation of the file of the Department of Railways and Canals which was filed yesterday as Exhibit 35, and I find that it is brought up to the 18th of June, 1931, and I find on that date an application from the Beauharnois Light Heat and Power Company signed by Mr. L. C. Christie, Assistant Secretary, and addressed to the Secretary of the Department of Railways and Canals, Ottawa, which is as follows:—

Dear Sir: On the 29th July, 1929, this Company made application to purchase from your Department a certain piece of land including a portion of the Hungry Bay Dyke, as specifically described and shown upon the Plan No. 291-9-9 annexed to the application.

This land is required for the purpose of the canal which the Company is building between Lake St. Francis and Lake St. Louis under approvals from the governments of Quebec and Canada. We were advised by your Department that in order to enable this application to be dealt with we should supply evidence that the proper authorities within the province had authorized the closing and abolition of the Chemin de la Baie which runs along the top of the dyke.

The process of securing such authorization from the municipal councils and of examining the proceedings thereafter has been somewhat lengthy.

As may be seen from the papers submitted herewith, we have now secured all the approvals that are required under the law of this Province for the closing and abolition of the portion of Chemin de la Baie in question. The papers enclosed are the following:—



- (1) Certified copy of By-Law No. Series 3 enacted the 17th February, 1931, by the Council of the Corporation of the Parish of Ste. Cecile. (The description of the portion of the Chemin de la Baie to be closed and abolished under this By-Law appears in the booklet containing Plan No. 291-21-63 which was incorporated in the By-Law as Schedule "A" and which is annexed to the copy of the By-Law submitted herewith).
- (2) Certified copy of Resolution of the Council of the County of Beauharnois adopted the 28th April, 1931, approving the above mentioned By-Law of the Parish of Ste. Cecile.
- (3) Photostatic copy of letter dated 22nd May, 1931, from the Law Clerk of the Department of Roads of Quebec, advising that it is not necessary to obtain the permission of the Minister of Roads in order to close or abolish the said portion of the Chemin de la Baie; together with a copy of the Company's letter of 19th May, 1931, to the Deputy Minister of Roads and Plan No. 291-21-63 as annexed thereto.
- (4) Photostatic copy of Opinion of Aime Geoffrion, Esq., K.C., dated 17th June, 1931, relative to the foregoing.

We should be glad to be advised, at the convenience of your Department, as to whether or not any linen tracings or other plans are required for the purpose of dealing with our application of the 29th July, 1929.

There is the plan—No. 211-21-63—annexed to the letter of the 19th of May, 1931, from the Beauharnois Light, Heat and Power Company to the Minister of Roads for Quebec.

The CHAIRMAN: Will this go in as part of Exhibit 35?

Mr. WHITE: Yes, I should think so.

The CHAIRMAN: This is all part of the same file?

Mr. WHITE: Yes.

The CHAIRMAN: Dealing with the same subject matter?

Sir EUGÈNE Fiset: Is there anything in this application asking for authority to break through the dyke?

Mr. WHITE: They are asking for conveyance of it. Mr. Geoffrion says in his opinion:—

I am of the opinion that the above By-Law and resolution have been passed in accordance with the provisions of the law; that they are now in force and that they constitute all the approvals that are required under the law of this Province for the closing and abolishing of that part of the Chemin de la Baie.

There also is a description and plan—let me see if I have it in English—no, it is in French. The description or plan of the existing new roads and bridges to be opened in the county of Beauharnois.

Now, Mr. Morin wishes to continue the examination of Mr. Cameron.

KENNETH MACKENZIE CAMERON, recalled.

*By Mr. Morin:*

Q. Mr. Cameron, before making your report dated November 13, 1930, being your memo for the Deputy Minister recommending the approval of some plans of the company, will you state whether or not you had consulted the other engineers who had signed the report annexed to the Order in Council No. 422?—A. No sir.

Q. Now, you stated in your evidence that you had no recollection that there was any discussion between the engineers as to the width of the canal?—A. Well,

I had not any recollection. I said that I thought probably that the matter had been discussed.

Q. Well, I have here a preliminary report which I found in the files of Mr. McLachlan dated January 25, 1929. Will you have a look at it and see whether you received this preliminary report from Mr. McLachlan in January, 1929, before drawing up your final report to the Minister?—A. I think it is very likely that I did.

Q. Now, I refer you to pages 11 and 12 of this report, and here is what I find:—

The embankment on the north side of the canal prism should form part of a three to one sloped prism in marine clay and a two to one prism elsewhere. The embankment on the south side of the channel might be set back two or three hundred feet from the southerly edge of the prism, if desired but it should not be set a great distance away, as proposed by the Company, because excess water surface will give trouble with ice, and cannot be made use of in connection with the future development of the river, if good economies are to be followed.

That is to say, Mr. Cameron, that Mr. McLachlan had drawn your attention to the importance of limiting the width of the canal?—A. Oh yes. I have no recollection of it.

Q. You had no recollection before to-day?—A. No. I have no recollection.

Q. Now, Mr. Cameron, you said in your evidence that you admit that they are not building the banks of this canal according to the standards of the Joint Board of Engineers?—A. I said I was unable to find any specification.

Q. I have here at hand the report of the Joint Board of Engineers on the St. Lawrence Waterway Project.

The CHAIRMAN: Are you putting in that preliminary report as an exhibit?

Mr. MORIN: No. I do not think it is any use; but this shows that the matter was discussed.

*By Mr. Morin:*

Q. I refer you to this report of the Joint Board of Engineers at page 241, paragraph 19, and we read this: "Dykes—the standard design for dykes, type B, adopted by the Board is shown on plate 9"—A. Yes.

Q. That is a fact?—A. Yes.

Q. Now, I have plate 9 in my hand, and plate 9 gives us many types of dykes?—A. Three apparent types.

Q. We have type A adapted for unregulated reaches; type B for regulated reaches; type C for unregulated reaches?—A. Yes.

Q. None of these types have been followed by the company?—A. Well, apparently type B has been followed, only they have provided a very much larger cross-section.

Q. Are they following these types or not?—A. I would say that as far as I can see type B is the type adopted, with improvements, if you like to put it that way.

Q. You think they are building now according to type B?—A. I would think so, as near as I can see.

Q. As near as you can see. You must know, as a matter of fact?—A. Well, it is the difference—the difference is this, there is nothing to state the method for type B or type A or type C, as far as the earth is constructed.

Q. Type B refers to the standard type of banks for regulated reaches?—A. That gives a sectional area of a dyke with certain dimensions and certain slope, but it does not tell you how the dyke is built.

Q. This type B must be adopted for regulated reaches?—A. Yes.

Q. What are we to understand by regulated reaches?—A. I would say a reach where the water was flowing under control.

Q. As to the velocity?—A. As to the velocity and quantity.

Q. Have you any plan before the committee showing the type of embankment adopted by the company?—A. Yes, it is with those plans of August 22, 1930.

Q. Exhibit 18?—A. Yes.

Q. I refer you now to Exhibit 18. Will you show me the plan of their embankment?—A. 291-60-2.

Q. You refer us to plan—A. Typical cross section of canal and embankment.

Q. 291-60-2?—A. Yes.

Q. Showing the plan of their embankment?—A. Yes.

Q. Will you explain whether there is any difference between plate No. 9 of the Joint report and this plan attached to Exhibit 18?

Hon. Mr. MACKENZIE: Is plate No. 9 appendix D?

Mr. MORIN: Appendix C of the joint report.

*By Mr. Morin:*

Q. Will you explain the difference, if there is any between these two plans?—A. In comparing the three types shown on the appendix C, type 9 of the proposal, type A shows a large rock fill.

Q. We are not interested in type B?—A. Type B shows the strip of the humus as I was describing it the other day, from the surface of the soil—an embankment, presumably of earth, with side slopes on the water side, two horizontal to one vertical, and on the opposing side two horizontal to one vertical. It has a width of 40 feet and a height above water level of 8 feet, with a protection lining on the slope from about 5 feet below water level up to about the top of the bank.

Mr. WHITE: That is all concrete?

*By Mr. Morin:*

Q. Type B is an embankment to be protected by concrete?—A. Well, sir—

Q. Answer that question?—A. It is marked here by concrete, but in the Order in Council it says that the slopes of the embankment are to be protected by riprap.

Mr. WHITE: What Mr. Morin suggested as to the Order in Council is not in accordance with that recommendation.

Sir EUGÈNE Fiset: On the other hand I think the type shown in the plans—the details are given on the working plan.

Mr. WHITE: Virtually the same thing; in its details there is no difference.

*By Mr. Morin:*

Q. The Order in Council, condition No. 5, does not say anything as to the riprap protection?—A. It does not describe it as riprap; It says:—the company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of the International Joint Board of Engineers report. Such protection lining as will be required to preserve slopes when the canal is used for navigation, shall be furnished. And they show it in riprap on their section.

Mr. WHITE: As a substitute for the concrete?

WITNESS: As a substitute for concrete; perfectly.



*By Mr. Morin:*

Q. Type B plate says it will be a protection in concrete, and the plan now says riprap?—A. Riprap.

Q. You are satisfied with this?—A. Yes, sir.

Q. Now, have you prepared for me a memorandum of the different applications to the department in the Soulanges section of the St. Lawrence river for the diversion of water? I think this might interest the committee to know what different applications have been made to the department for the diversion of water in that section of the St. Lawrence. I will read it into the record. This memorandum was prepared by you, Mr. Cameron?—A. It was prepared—

Mr. WHITE: It was not prepared by him, was it?

WITNESS: Yes, I prepared it at Mr. Morin's request.

*By Mr. Morin:*

Q. Explain in a few words what the purpose of it is?—A. This is prepared at Mr. Morin's request to endeavour to give a precis of the different applications made under the Navigable Waters Protection Act to cover proposals dealing with interference with the flow of the St. Lawrence river between Lake St. Francis and Lake St. Louis.

Mr. WHITE: And all made to the Department of Public Works?

Mr. MORIN: Of course.

WITNESS: The Canadian Light and Power Company—yes I would say they were all made to the Department of Public Works. Some were jointly with the Department of Railways and Canals and the Department of Public Works.

Mr. JACOBS: What period does that cover?

Mr. MORIN: It covers from 1910 until to-day.

WITNESS: From 1905, in the case of the Cedars.

Mr. MORIN: There is a precis of the different applications discussed.

The CHAIRMAN: How many are there altogether?

WITNESS: Eight or nine.

Mr. WHITE: There may be something arising out of these applications that we may want to ask this witness about, and unless we know what they are I do not see what benefit they would be unless we read them and record them.

Mr. GARDINER: Does it show on that memorandum what disposition was made of the applications?

The WITNESS: Yes, and the reasons why.

Mr. GARDINER: Well, that is important.

The CHAIRMAN: Let me see it, please. I think this had better go in the record:

### EXHIBIT No. 36

CANADIAN LIGHT AND POWER COMPANY

AUGUST 18, 1910.

Application for approval, under R.S.C. Chap. 115, section 7, of widening of embankment on the northerly side at the entrance to the old Beauharnois canal, at or near McPherson's Point, at the entrance to the said canal. Referred by Privy Council to Public Works Department and Department of Railways and Canals on 10 December, 1910.

Objection registered by Montreal Cottons that Canadian Light and Power Company were filling up Valleyfield bay with refuse. Company notified to discontinue operations.

A meeting was held on 30th November, 1910, presided over by the Minister of Railways and Canals, the Minister of Public Works and the Minister of Marine and Fisheries.

E. A. Robert and W. C. McIntyre were granted by the Department of Railways and Canals a lease, dated December 10, 1907, allowing them the use of the Beauharnois canal for hydro-electric purposes. The lease provided, among other things, that the rights of the previous lessees should be respected and that navigation should not be interfered with. The lease was transferred to Canadian Light and Power Company on October 23, 1908.

The Canadian Light and Power Company sent, 29th December, 1928, to the Deputy Minister of Public Works, copy of letter of 29 December, 1928, to the Secretary of the Department of Railways and Canals, submitting an enlargement project for consideration and approval of the Department of Railways and Canals.

The Canadian Light and Power Company inquired whether it would be necessary for the company to comply with the provisions of the Navigable Waters Protection Act as a preliminary to the commencement of actual construction work. The Department of Justice was requested to advise, 5 January, 1929, in the circumstances what reply should be made to the P. 149. June 29, 1915. Letter transmitting report from Mr. H. Holgate, consulting engineer.

P. 154. Dec. 15, 1915, W. H. Robert, President of Beauharnois Light, Heat & Power Company, states "There appears to be some misapprehension in regard to the amount of water the company proposes to withdraw from Lake St. Francis for power purposes through a proposed canal from Lake St. Francis to Lake St. Louis. It has come to my knowledge that several papers have been mislaid in connection therewith notably a letter signed by Sir John Kennedy, Hydraulic Engineer and Consulting Engineer of the company, dated May 30, 1910; two letters signed by me dated respectively Nov. 15 and 27, 1911, and another signed by Dr. Alfred Thompson dated Feb. 25, 1915, duly authorized by the company, in each of which letters it is distinctly stated that the company proposes to withdraw 40,000 cubic feet per second from Lake St. Francis to be used in their proposed power canal which water is to be returned to Lake St. Louis.

P. 160. March 10, 1916, letter from Arthur Surveyor, transmitting report on proposed diversion of 40,000 c.f.s.

Summary of history of applications made by Beauharnois Light Heat & Power Company to divert water from Lake St. Francis. P. 178. Summary of conclusions arrived at by the engineers who have reported on the application. Remedial works are declared necessary by all the engineers. Permission to divert water could be granted under certain conditions. The appointment of a commission to study the question of remedial works and of the relation between the existing and proposed power developments and present and future navigation was recommended by Messrs. Challies, Holgate and Surveyor.

Canadian Light and Power Company's inquiry in respect to the application of the Navigable Waters Protection Act.

The Canadian Light and Power Company have not completed, in the application under the Navigable Waters Protection Act, all the legal requirements.

## BEAUHARNOIS LIGHT, HEAT &amp; POWER COMPANY, FILE 804-1A

The solicitors for the Beauharnois Light, Heat & Power Company, March 18, 1910, asked to have their technical officer consult with the Department's technical officers in regard to proposed enlargement of intake works of St. Louis feeder canal for the apparent purpose of taking more water from Lake St. Francis for use through power house located on the St. Louis river. A report on the investigation of the technical proposals is that the proposed enlargement would increase the then average discharge of 200 c.f.s. to between 11,000 and 18,000 c.f.s., which would have a noticeable effect on navigation by lowering the surface of Lake St. Francis.

P. 61. November 5, 1912, letter from W. H. Robert, President of the Beauharnois Light, Heat & Power Company stated "In order to bring the company's proposals up to date I submit herewith general plans of its proposed project, signed and approved by John Kennedy, Consulting Hydraulic Engineer of Montreal, and would request that these plans, contemplating the diversion of 11,000 cubic feet of water per second at low water period and 18,000 cubic feet of water per second at high water period of the St. Lawrence river, be approved."

P. 126. June 21, 1912, Report by J. T. Johnson on investigation of proposals.

P. 217. October 19, 1916. Report of Messrs. Papineau, Coutlee, Surveyer and Dansereau, and approved by A. St. Laurent. Rights of water users on St. Louis river should be protected.

P. 220. October 30, 1916. Memo for Minister of Public Works from Assistant Deputy Minister A. St. Laurent, recommends matter be studied by a commission of technical officers.

P. 225. January 12, 1917. Draft Report to Council.

Recommends:

1. That authority be given to appoint a Board of Expert Engineers to investigate and carry on necessary field studies for the purposes of such investigation, and report fully upon all applications for power developments involving water diversion from Lake St. Francis, in order to:

- (a) Determine the maximum amount of water which can be allowed to be diverted from said Lake in conjunction with effective remedial works.
- (b) Advise as to the best method of building these remedial works and of meeting the necessary expenditure entailed thereby, either by apportioning their cost between the companies benefitted and levying a charge per horse-power developed for maintenance expenses, or by a fixed charge per horse-power developed, covering cost, interest on capital expended and maintenance.
- (c) Suggest rules and regulations for their control so as to safeguard in all respects navigation interests.

2. That in view of the agreement of December 28, 1909, should the decision of the Board of Engineers be favourable to further water diversion, subject to the construction of certain remedial works within reasonable cost, the application of the Beauharnois Light, Heat & Power Company be given priority in the consideration of all such projects for the diversion of water from Lake St. Francis.

3. That such water diversion as may be permitted, and the construction of necessary remedial works shall be subject to the approval of the International Joint Commission.



P. 234. October 13, 1917. Letter from W. H. Robert, President of Beauharnois Light, Heat & Power Company, to Honourable C. C. Ballantyne, purporting to set out the history of the company and the request of the company for approval, and the advantages of the proposed work.

P. 239. Letter of October 13, 1917, from W. H. Robert refers to application of Power Development Company, Limited for approval of proposed works on north shore of the St. Lawrence river from a point starting from the Grand Trunk Railway crossing at the south end of Lake St. Francis, extending same eastward to a point 2,500 feet east of the eastern end of Prisoner's island.

P. 243. January 19, 1918. Company ask for approval of their application.

P. 245. Jan. 31, 1918. Hon. F. B. Carvell, Minister of Public Works, to Beauharnois Light, Heat and Power Company. States he finds the plans do not call for same rights as were originally intended in the lease, inasmuch as they are providing for a larger scheme than was the original intention. Furthermore that the approval of these plans would involve not only a consideration but the decision of the whole policy of water powers and navigation from Lake Ontario to Montreal. A commission of engineers, appointed some years ago, have never investigated or reported, and before he could do anything he must have every possible information on this important subject, and intends taking immediate steps to obtain the same by another commission, or whatever engineering authority may seem proper to the Department.

P. 252. Feb. 19, 1919. Beauharnois Light, Heat and Power Co., to the Minister of Public Works; enclosing description of proposed works, together with plans under Chap. 115, R.S.C. 1906.

P. 265. June 24, 1924. The Transportation and Power Corporation, Limited, to the Minister of Public Works. Contemplates undertaking the development of water power by building a canal from Lake St. Francis to Laprairie Basin, in the province of Quebec. The work the company contemplates is the development of water power by building a canal from Hungry Bay to Laprairie Basin below Lake St. Louis, using the water at Laprairie Basin under a head of 120 feet, the utmost efficiency head practically possible for the use of said waters. To effect the said water power development, it is essential that the company should divert 110,000 cubic feet per second from Hungry Bay on Lake St. Francis to Laprairie Basin below Lake St. Louis, St. Lawrence river. The company agrees to provide through their canal sufficient navigation accommodation between Laprairie Basin and Lake St. Francis to satisfy the Government's requirements.

P. 271. Sept. 5, 1924. Report that plans submitted by company are inadequate to report on proposed work.

P. 272. Sept. 11, 1924. Beauharnois Light, Heat and Power Co., through W. H. Roberts, protests against above mentioned application of the Transportation and Power Corporation Limited.

#### STERLING INDUSTRIAL CORPORATION LTD. FILE 10898-1

July 7, 1924. Sterling Industrial Corporation Limited to the Minister of Public Works. Request made on July 5, 1924, to Minister of Railways and Canals for consideration and approval, in so far as the interests of Railways and Canals are concerned, of the following application:—

1. To divert an amount of water not exceeding 30,000 cubic feet per second from Lake St. Francis, subject to the construction of the necessary remedial works;

2. To enter into an agreement with your Department under which the Corporation will either

(a) Construct between Lake St. Francis and Lake St. Louis a power canal of such design that same may be used later for navigation purposes, if so desired, by the addition of works necessary for navigation purposes.

(b) Or a canal which will provide at once for navigation, as well as power purposes.

3. To approve of accompanying plans of the above project or such modifications thereof as may be mutually agreed to.

The Company asked for consideration of the application with a view to its approval in so far as the interests of the Department of Public Works are concerned.

July 11, 1924. Acknowledgment of same by Secretary of Department, and enclosing copy of memo explaining procedure to be followed in connection with applications under the Navigable Waters Protection Act. The company's attention was directed to the fact that plan and description had not been deposited with the Registrar; that application had not been advertised, and that no evidence had been submitted to show that the company had the right to use the site of the proposed works.

Nothing further.

#### CEDARS RAPIDS MFG. & POWER COMPANY. FILE 3560-1 A-B-C

The application of the Cedars Rapids Mfg. & Power Company, for approval of works near St. Joseph de Soulanges, September 8, 1905; Barnard & Dessaulles, solicitors for the company, applied for approval of works proposed to be built in the St. Lawrence river for the development of water power in accordance with Act of Incorporation. No quantity stated.

In report of October 2, 1905, J. L. Michaud states that these works, during construction, and after completion, will not in the least interfere with the general navigation of the St. Lawrence river so long as the consumption of water shall not exceed 350,000 gallons per second.

Order in Council of January 6, 1906, approves plans of works proposed to be erected by the Cedars Rapids Mfg. & Power Co. in the St. Lawrence river at St. Joseph de Soulanges, and the book of reference, describing the various lots which they desire to expropriate in connection with the said works, the provisions of the Railway Act of 1903 to govern in the matter as far as applicable.

It further states that no effect is to be given to the permission being granted until an agreement shall have been passed between the company and the Department of Public Works of Canada, whereby all questions referred to in the report of the Resident Engineer shall be finally settled and determined, and whereby also all rights, etc., of riparian owners and all questions of future damages shall be properly provided for.

On May 1, 1909, the Secretary of the Canadian section of the International Waterways Commission, in letter to Minister of Public Works, transmits minutes of meeting held on April 13, 1909. The Commission was unable to form an opinion in detail as to the effect of the works, but it does not consider that fact a valid reason for reporting adversely to the scheme as outlined.

Agreement pursuant to Order in Council completed and dated May 28, 1909.

*File 3560-1B:*

P.C. 2400 of October 6, 1911, recites that approval of plans submitted by the Cedars Rapids Mfg. & Power Co., pursuant to agreement of May 28, 1909, should be withheld until after report by the St. Lawrence River Commission appointed by Order in Council of August 29, 1911, and previous approvals should be cancelled.

P.C. 2488 of October 26, 1911, authorized cancellation of Order in Council of October 6, 1911, and the Minister of Public Works to appoint a special engineer to follow up the progress of the work and report to him from time to time.

*File 3560-1C*

Cedars Rapids Mfg. & Power Co., on May 20, 1916, wrote to Secretary of Department of Public Works:

Our lease with your department for water rights at Cedars Rapids, of date May 28, 1909, provides for the diversion of water to the extent of 350,000 gallons or 56,000 c.f.s. throughout the year upon the condition that the diversion does not interfere with navigation. If we can have more water outside of the season of navigation it will facilitate our operations considerably . . . and to that end we respectfully apply for the right to divert additional 19,000 c.f.s. of waste water during the winter when same is not required for navigation.

P.C. 1914 of August 15, 1916, authorizes that Cedars Rapids Mfg. & Power Co. be given permission to divert from the St. Lawrence River in connection with its power works at St. Lawrence River in connection with its power works at St. Joseph de Soulanges in the Province of Quebec, an additional nineteen thousand cubic feet a second of waste water from November 20 in each year to May 20 in the succeeding year, subject to the condition that such permission does not imply a guarantee that the said quantity shall be always available and shall not constitute a preferential right for the company when a general system of control and distribution of the waters of the St. Lawrence comes to be established at the outlet of Lake St. Francis.

August 18, 1916. Company informed of the passing of the Order in Council and its terms.

*By Mr. Morin:*

Q. Besides those different applications you found some others, Mr. Cameron?—A. Yes, sir.

Q. Will you please read them to the committee?—A. The Soulanges Water Power Company, application to the Minister of Public Works, on 14th June, 1910, for permission to divert 42,000 cubic feet per second in the canal along the north shore of the St. Lawrence from Coteau Landing to Cascades. The Company did not file any plans and the matter was not followed up.

The second was the Soulanges Power Co., who applied June 27, 1928, through Long and Daly. They claimed the right to develop power of the river between Lake St. Francis and Lake St. Louis by a canal on the north shore. They stated they were preparing plans of the alternative schemes. That was addressed to the Minister of Railways and Canals and also to the Minister of Public Works. That company was represented at the hearing of the Beauharnois Company's application.



The Cedar Rapids Power & Manufacturing Co., under date 14th January, 1929, wrote that they were prepared to carry out the Joint Board's Ile en Vaches 3 Stage project. They were represented at the Beauharnois hearing.

The Power Development Co., Ltd., under date of July 30th, 1917, applied to the Minister of Public Works for the use of the full flow of the St. Lawrence in this section.

In September, 1912, the Valleyfield Power Co., obtained, or applied for approval of partial development of this section of the river adjacent to Valleyfield. Those are the others.

Mr. MORIN: That is all.

*By Mr. Gardiner:*

Q. Well, you have not any information as to the actual disposition of those applications?—A. They never got anywhere. There are certain regulations they have got to meet to show they are bona fide applications. In the case, for instance, of the Soulanges Water Power Co., they never even sent plans of their works. We heard nothing further from the company.

Q. But is it not correct to say that in some of those applications they were turned down for very definite reasons?—A. There is nothing to show that there was a definite reason. That was not turned down. The Company did not press it. And the same with the Power Development Co., Ltd. And the Valleyfield one I did not have much chance to go through the file there, but nothing appears to have come of it.

Q. You might look up sometime, Mr. Cameron, and find out exactly if any of those applications were turned down for very definite reasons and have that information for the committee.—A. I will. Take, for instance, the Soulanges Power Co., and the Cedar Rapids. They made application at the time that this Beauharnois Company was making application, and they were represented at the hearing.

Q. Was not there an application made in 1924 by the Interprovincial Company, or the Sterling Company.—A. Yes, that is in that memorandum there, sir.

Q. This one here?—A. Yes, the last exhibit filed.

Mr. FORSYTHE: It is in Exhibit 36.

Mr. GARDINER: Have you that last Exhibit there, Mr. Morin?

Mr. MORIN: Yes, Mr. Gardiner.

Mr. GARDINER: Containing the Sterling application of 1924.

The WITNESS: On July 7th, 1924, the Sterling Industrial Corporation Limited applied to the Minister of Public Works. Requests made on 5 July, 1924, to the Minister of Railways and Canals for consideration and approval, in so far as the interests of Railways and Canals are concerned, of the following application:

1. To divert an amount of water not exceeding 30,000 cubic feet per second from Lake St. Francis, subject to the construction of the necessary remedial works;
2. To enter into an agreement with your Department under which the Corporation will either:
  - (a) Construct between Lake St. Francis and Lake St. Louis a power canal of such design that same may be used later for navigation purposes, if so desired, by the addition of works necessary for navigation purposes.
  - (b) Or a canal which will provide at once for navigation, as well as power purposes.

3. To approve of accompanying plans of the above project or such modifications thereof as may be mutually agreed to.

The Company asked for consideration of the application with a view to its approval in so far as the interests of the Department of Public Works are concerned.

July 11, 1924. Acknowledgment of same by Secretary of Department, and enclosing copy of memo. explaining procedure to be followed in connection with applications under the Navigable Waters Protection Act. The company's attention was directed to the fact that plan and description had not been deposited with the Registrar; that application had not been advertised, and that no evidence had been submitted to show that the company had the right to use the site of the proposed works.

*By Hon. Mr. Mackenzie:*

Q. When was that application of the Sterling Company rejected.—A. It was not rejected. They did not complete their application.

Q. What was the reason given in the last paragraph you have just read?—A. A letter from the Secretary of the Department acknowledging and enclosing copy of memo. explaining procedure to be followed in connection with applications under the Navigable Waters Protection Act. The company's attention was directed to the fact that plan and description had not been deposited with the Registrar; that application had not been advertised, and that no evidence had been submitted to show that the company had the right to use the site of the proposed works.

MR. WHITE: Before Mr. Montgomery cross-examines, may I just bring to the attention of the committee some things which he might perhaps want to ask some questions about.

Referring to Exhibit 36, it seems to me that there are a few observations that ought to be brought to the attention of the committee at this stage.

In the first place, the Canadian Light Heat & Power Co., made an application to the Deputy Minister on the 29th of December, 1928, submitting an enlargement project for consideration and approval of the Department of Railways & Canals. Now, the original application of the Canadian Light Heat & Power Co., was August 18, 1910.

Then on the 18th of March, 1919, the Beauharnois Light, Heat & Power Co., made an application, asking to have their technical officer consult with the Department's technical officers in regard to proposed enlargement of intake works of St. Louis Feeder Canal for the apparent purpose of taking more water from Lake St. Francis for use through power house located on the St. Louis river.

MR. JACOBS: Was that 1910?

MR. WHITE: 1910, sir. A report on the investigation of the technical proposals is that the proposed enlargements would increase the then average discharge of 200 c.f.s. to between 11,000 and 18,000 c.f.s., which would have a noticeable effect on navigation by lowering the surface of Lake St. Francis.

Then on the 5th of November, 1912, Mr. W. H. Robert, President of the Beauharnois Light, Heat & Power Co., writes stating:

In order to bring the company's proposals up to date I submit herewith general plans of its proposed project, signed and approved by John Kennedy, Consulting Hydraulic Engineer of Montreal, and would request that these plans, contemplating the diversion of 11,000 cubic feet of water per second at low water period and 18,000 cubic feet of water per second at high water period of the St. Lawrence river, be approved.

Then there is the report of Mr. J. G. Johnston.

Hon. Mr. MACKENZIE: Is that the same Mr. Johnston that was on the committee of engineers?

Mr. WHITE: I believe so. Then a report of June 29, 1915, from Mr. H. Holgate. I think that has been spoken of already.

Then on the 15th of December, 1915, Mr. W. H. Robert, President of Beauharnois Light Heat & Power Company states:

There appears to be some misapprehension in regard to the amount of water the company proposes to withdraw from Lake St. Francis for power purposes through a proposed canal from Lake St. Francis to Lake St. Louis. It has come to my knowledge that several papers have been mislaid in connection therewith notably a letter signed by Sir John Kennedy, Hydraulic Engineer and Consulting Engineer of the company, dated May 30, 1910; two letters signed by me dated respectively Nov. 15 and 27, 1911, and another signed by Dr. Alfred Thomson, dated Feb. 25, 1915, duly authorized by the company, in each of which letters it is distinctly stated that the company proposes to withdraw 40,000 cubic feet per second from Lake St. Francis to be used in their proposed power canal which water is to be returned to Lake St. Louis.

In other words it goes from 200 to 11,000 at low water period and 18,000 at high water period, and from that to 40,000 cubic feet per second as early as December 15, 1915.

The CHAIRMAN: Who is it that states that the withdrawal of the 11,000 cubic feet per second will interfere with navigation? Did I hear that correct.

Mr. WHITE: Yes.

A report on the investigation of the technical proposals is that the proposed enlargement would increase the then average discharge of 200 c.f.s. to between 11,000 and 18,000 c.f.s., which would have a noticeable effect on navigation by lowering the surface of Lake St. Francis.

It does not say who makes that report. It is apparently a departmental report.

Then on March 10, 1916, there is a letter from Mr. Arthur Surveyer, transmitting report on proposed diversion of 40,000 c.f.s.

Then on January 12, 1917, Draft Report to Council, and it recommends:—

1. That authority be given to appoint a Board of Expert Engineers to investigate and carry on necessary field studies for the purposes of such investigation, and report fully upon all applications for power developments involving water diversion from Lake St. Francis, in order to:

- (a) Determine the maximum amount of water which can be allowed to be diverted from said Lake in conjunction with effective remedial works.

The CHAIRMAN: That is the departmental committee that we had?

Mr. WHITE: No, this is 1917:

- (b) Advise as to the best method of building these remedial works and of meeting the necessary expenditure entailed thereby, either by apportioning their cost between the companies benefitted and levying a charge per horse power developed for maintenance expenses, or by a fixed charge per horse power developed, covering cost, interest on capital expended and maintenance.

- (c) Suggest rules and regulations for their control so as to safeguard in all respects navigation interests.

2. That in view of the agreement of December 28, 1909, should the decision of the Board of Engineers be favourable to further water diver-



sion, subject to the construction of certain remedial works within reasonable cost, the application of the Beauharnois Light, Heat and Power Company be given priority in the consideration of all such projects for the diversion of water from Lake St. Francis.

Mr. JACOBS: Who suggests that.

Mr. WHITE: This is the draft Order in Council.

Mr. JACOBS: What is 1917.

Mr. WHITE: January, 1917:

3. That such water diversion as may be permitted, and the construction of necessary remedial works shall be subject to the approval of the International Joint Commission.

Can you tell me, Mr. Cameron, whether that committee was appointed, a board of expert engineers, to investigate this?—A. Not that I could ascertain, sir. I think just about that time the whole question of the St. Lawrence was pretty well in the public mind, and it was just about that time they were figuring about referring it to the International Joint Commission, and out of that in time arose the Bowden-Wootten report of 1921.

Q. So that there is nothing in the file to indicate that this committee was ever appointed or made a report?—A. No, sir.

Mr. WHITE: Then on the 13th of October, 1917, there is a letter from Mr. W. H. Robert, referring to the application of Power Development Company, Limited, for approval of proposed works on north shore of the St. Lawrence river from a point starting from the Grand Trunk Railway crossing at the south end of Lake St. Francis, extending same eastward to a point 2,500 feet east of the eastern end of Prisoner's island.

And on the 29th of January, 1916, the company asks for approval.

On the 31st of January, 1919, Hon. F. B. Carvell, Minister of Public Works, writes to the Beauharnois Light, Heat and Power Company, and he states:

He finds the plans do not call for same rights as were originally intended in the lease, inasmuch as they are providing for a larger scheme than was the original intention. Furthermore that the approval of these plans would involve not only a consideration but the decision of the whole policy of water powers and navigation from Lake Ontario to Montreal. A commission of engineers, appointed some years ago, have never investigated or reported, and before he could do anything he must have every possible information on this important subject, and intends taking immediate steps to obtain the same by another commission, or whatever engineering authority may seem proper to the Department.

The CHAIRMAN: What year was that, Mr. White?

Mr. WHITE: That was 1918.

The CHAIRMAN: What year was it that the International Joint Board of Engineers was set up?

Mr. WHITE: Well, there have been two bodies, according to my recollection. I am not able to give you the dates.

The WITNESS: Mr. McLachlan was so intimately associated with the project that perhaps he would be able to tell you accurately.

Mr. WHITE: When was the International Joint Board of Engineers, in its present form, constituted?

Mr. McLACHLAN: In the spring of 1924.

Mr. WHITE: And was there some sort of Joint Board before that?

Mr. McLACHLAN: Yes, a Joint Board consisting of one Canadian and one American. They reported in 1921, and the International Joint Commis-

sion in adopting their report recommended that the Board be enlarged and be asked to report again on the whole matter.

The CHAIRMAN: And as a result of that, Mr. McLachlan, we have this report?

Mr. McLACHLAN: Yes.

The CHAIRMAN: That has been provided for the use of the committee?

Mr. McLACHLAN: Yes.

Mr. WHITE: Is the report to which you refer the Bowden-Wootten report?

Mr. McLACHLAN: The report of 1921 was the Bowden-Wootten report.

Mr. WHITE: And they were the two men, Bowden and Wootten, who constituted the Joint Board at the time of the making of that report?

Mr. McLACHLAN: Yes, sir. I was assistant to the Canadian Engineer in 1921.

Mr. WHITE: And do you know when the first Joint Board consisting of two members was appointed?

Mr. McLACHLAN: I would say they were appointed in 1919 and they reported in 1921.

The CHAIRMAN: Just before you sit down, Mr. McLachlan. The first report, that is, the Bowden-Wootten report, never approved of this present construction?

Mr. McLACHLAN: No, sir. That report recommended developing the section on the north side of the river by utilization of the river for about two-thirds of its length.

The CHAIRMAN: Then the final report of the International Joint Board never approved of the present construction; that came on the north shore also?

Mr. McLACHLAN: Yes, sir.

The CHAIRMAN: Was this plan that we are presently dealing with ever submitted to the Joint Board for their approval?

Mr. McLACHLAN: It was very carefully considered, and in fact, there is an alternative, elaborating their plans. There is a plan for developing 280,000 horse-power combined with navigation, shown actually in the plans filed with that report, and the whole thing is discussed and the whole thing was very carefully considered.

The CHAIRMAN: I think we are a little at cross-purposes, Mr. McLachlan. Was this present project ever submitted to the International Joint Board for approval?

Mr. McLACHLAN: No, certainly not.

Mr. MONTGOMERY: May I ask a question, Mr. Chairman, bearing on that? Did the Bowden-Wootten report recommend any canal on the south shore?

Mr. McLACHLAN: On the actual improving of the river, the whole river, as recommended by the Bowden-Wootten report, it contemplated building a canal for navigation alone in the Soulanges section.

Mr. MONTGOMERY: It contemplated building a canal.

Mr. McLACHLAN: A canal on the Hungry Bay-Melocheville route. They contemplated no power in connection with it—

Mr. MONTGOMERY: Just a minute, Mr. McLachlan. Just answer one question at a time, please. The Bowden-Wootten report had to do with navigation, had it not?

Mr. McLACHLAN: Yes. It had to do solely with navigation. You would have to read the questions that were submitted to Messrs. Bowden and Wootten in order to really answer that question.

Mr. MONTGOMERY: Let me ask you another question then, Mr. McLachlan. The Bowden-Wootten report considered navigation proposals, did it not, navigation proposals on both the north and south shores?

Mr. McLACHLAN: Yes, they did.

Mr. MONTGOMERY: And by their report they recommended a canal, a canal for navigation purposes to be put there from Hungry Bay to Melocheville very much on the same line as is followed in this Beauharnois project?

Mr. McLACHLAN: Absolutely, that is right.

Mr. MONTGOMERY: That is all.

Mr. McLACHLAN: In order that the committee might understand the matter more clearly, I should supplement the answer to that last question. The reason for their coming to that conclusion was because they conceived that the power developed in that international section was sufficient to last Canada for a long period of time and it would be foolish to develop power in the Soulanges section and in the International section at the same time, having decided that there were greater economies to be obtained; in fact, in the International section they conceived it best to recommend improvement of the Soulanges section for navigation alone for the time being with subsequent development for power being made on the north shore on the Soulanges section by utilization of the river for all but about five miles.

Mr. WHITE: That is, as the present demand for power altered that situation, and there are considerations which were not present at the time of the making of the Bowden-Wootten report.

Mr. McLACHLAN: There were at the time that committee's report was made. We cannot always tell exactly what is ahead of us because we do not know as regards the wishes of the country and the Government of the country in regard to all those things.

The CHAIRMAN: How much power could have been developed on the International section?

Mr. McLACHLAN: The Canadian part of the International section would yield about a million horse power, which is enough to last the province of Ontario for about ten years.

Mr. WHITE: Was Mr. Magrath agreed that that was sufficient for ten years?

Mr. McLACHLAN: I am basing that on his statements largely.

Mr. JACOBS: Was the province of Quebec represented on that Bowden-Wootten committee?

Mr. McLACHLAN: No, there was only one man, individual man.

Mr. WHITE: Represented as part of the Dominion, I assume, Mr. Jacobs.

Mr. JACOBS: I want to know whether the province of Quebec was represented when this power question was being discussed.

The CHAIRMAN: I suppose represented in the same way that all other provinces were represented by the one Canadian.

Mr. JACOBS: Have they got any such jurisdiction?

Mr. WHITE: I suppose they did have, Mr. Jacobs, the right to make any recommendations which, if they did not interfere with the rights, or the alleged rights of any province, might be carried through, and which if they did not interfere with these rights might or might not be carried through accordingly as each province interested might be agreeable to the proposal.

Mr. CANNON: I understood that Mr. McLachlan would be questioned on this matter casually, but if my learned friend wants to go into the power question fully, then I will have more to say.



Hon. Mr. MACKENZIE: The committee have the report before them and we will discuss among ourselves what is relevant and what is not.

Mr. MONTGOMERY: In connection with an exhibit which has been filed this morning, with the applications made in the Soulanges section, I would like to draw the attention of the committee to an exhibit already in and forming part of the large file, Exhibit 17, that is, 804-1C at page 284, which is a memorandum regarding power development in various parts of Canada approved by the Federal government under the Navigable Waters Protection Act. You are perhaps familiar with that, Mr. Cameron. It is a summary prepared of the various applications which have been made not only in the Soulanges section but throughout Canada. I do not need to ask the witness to file it, it is already filed.

Mr. WHITE: What is the date of it, Mr. Montgomery?

Mr. MONTGOMERY: I do not know that it is dated, Mr. White.

Hon. Mr. MACKENZIE: Who prepared that memorandum, Mr. Montgomery?

Mr. MONTGOMERY: I cannot tell you. It was found in the departmental file. It was an exchange between Mr. Edwards and Mr. Hunter, the Deputy Minister, but who prepared it I do not know.

The WITNESS: It was likely prepared in the Public Works Department, Engineering Branch.

*By Mr. Montgomery:*

Q. You would take that to have been prepared in the Public Works Department, Engineering Branch?—A. I would think so, Mr. Montgomery.

Q. Reference has been made to the bridges in your examination, Mr. Cameron, and I see they are dealt with in paragraph 51 of the Engineers Joint Report.—A. Yes.

Q. In that report you speak of five bridges on the North Shore. I would like to know whether they have been reduced?—A. "Not less"?

Q. However there will be not less than five bridges,—did I say on the North Shore?—A. Five on the South.

Q. Yes. That number of bridges has been reduced to three, has it not?—A. Three on the channel, the navigation channel.

Q. How does that compare with the number of bridges which would have to be encountered in navigation on the North Shore?—A. Inasmuch as the North Shore route is still in the same position as it was at the date of this report, there would be no change.

Q. Had the North Shore route been carried out according to the alternative scheme which was proposed, or the scheme which you were then discussing in paragraph 51,—I notice in your report, paragraph 51, you say:

However, there will be not less than five lift bridges on the South route, whereas the number required on the North route was proposed to be held down to three.

The number is now the same, is it?—A. Yes.

Q. As regards locks the position is the same as mentioned in your report?—A. Yes.

Q. And there the committee, as you pointed out, is all in favour of the South route?—A. Yes, that was the conclusion the committee came to.

Q. Both as regards entrances and as regards the number of locks involved?—A. Both as regards entrances and number of locks involved.

Q. Different schemes for the development of this section are discussed in your report. Was there not a plan of the route annexed to it?—A. Yes.

Q. And those show developments on the North Shore, developments on the South Shore, and the combination of developments on both shores?—A. Yes.

Q. Can you tell me whether or not they all require a diversion of the river to an inland canal?—A. Yes, I would say so.

Q. Whether on the North Shore or the South Shore, it was a combination of developments?—A. Yes, from between the banks of the river.

Q. As shown on these plans annexed to the report?—A. Yes.

Q. And that is so on every report that you are aware of, that the development in this section, including the Joint Board Reports, included in the Green Books there show a diversion greater or less of the river?—A. Well, I would say so, depending on the scheme or the combination of schemes under discussion, the amount would be more or less.

Q. So that some diversion is required for the development of that section under any of the schemes that had been suggested?—A. Yes, I think that is true.

Q. You have been connected with the Department for a great many years, have you not?—A. Yes, for quite a number of years,—twenty years.

Q. In connection with that report which I showed you this morning—you have it before you—there are listed there applications which have been made to and approved by the Governor in Council under the Navigable Waters Act, diverting the flow on navigable rivers, are there not?—A. Yes.

Q. I see you start with the famous Queenstown-Chippewa Hydro Electric one?—A. The Chippewa, Niagara, Power Canal at Niagara Falls.

Q. And there are many of them, are there not?—A. Oh, yes.

*By Mr. White:*

Q. Is the Niagara River navigable under that Act?—A. It is considered a navigable river at the point where the water comes in from the Niagara River and they back the Welland River—

*By the Chairman:*

Q. Is it navigable?—A. The waters of the Niagara River are actually navigable.

Q. The Niagara River is considered a navigable stream?—A. Yes, it is navigable in fact.

The CHAIRMAN: Especially in barrels.

Mr. WHITE: And you must not leave out the Maid of the Mist.

*By Mr. Montgomery:*

Q. The Niagara, I fancy, must be considered a navigable stream?—A. It is navigable, sir, from Lake Erie down to the Falls, and then from Queenstown, which is quite a few miles.

Q. And you will find many others on that list, where there are no Niagara Falls involved. Would you care to have a list of them?

Mr. JACOBS: It might be a good idea to let us have a list of the navigable streams, which are so regarded by the Department.

Hon. Mr. MACKENZIE: Where there has been a diversion.

Mr. MONTGOMERY: A diversion from one section of the stream to another.

*By Mr. Montgomery:*

Q. Will you give us the list?—A. The Queenstown-Chippewa Power Canal—that is from the Niagara River and the Welland River down; the Dominion Power and Transmission Company, near St. Catharines—I do not place that in my mind, what it is; it seems to be associated with the Welland Canal.

Mr. MONTGOMERY: There is a description on the back of that.

Mr. WHITE: This is the old Welland Canal.

The WITNESS: The water is taken from the Niagara River and the old Welland Canal through a series of artificial pools or lakes—

The CHAIRMAN: What is the purpose of referring to these things.

Mr. MONTGOMERY: It is to show that ever since the Navigable Waters Protection Act has been in force this has been done.

The CHAIRMAN: That they have been making the same mistake?

Mr. MONTGOMERY: You can put it in that way, but they have been authorizing the diversion of waters from navigable streams through canals without the consent of Parliament.

Mr. JACOBS: Where power is obtained through the operation?

Mr. MONTGOMERY: Yes, sir.

Hon. Mr. MACKENZIE: I should think that was a very important point.

The WITNESS: The next one is the Great Lakes Power Company, at Sault Ste. Marie—that is the canal around the falls in the St. Marys River at Sault Ste. Marie, Ontario, and in Michigan.

*By Mr. White:*

Q. That was an international scheme?—A. Yes, and that it was approved by the International Joint Commission.

*By Mr. Morin:*

Q. Were these diversions authorized by Orders in Council alone or also by Act of Parliament?—A. How the companies were incorporated I cannot tell you in every case, but the Order in Council—

Q. By both?—A. The approval was under the Navigable Waters Protection Act, or subsequent to an application made under the Navigable Waters Protection Act.

*By Hon. Mr. Mackenzie:*

Q. Was that approval given by Order in Council or by Act of Parliament?—A. The approval was given by Order in Council.

Q. Does the memorandum which you are reading from now give the dates of these various approvals?—A. No, sir, it does not.

Mr. WHITE: And Mr. Cameron points out that he is not aware whether there was an Act of Parliament also.

Mr. MORIN: Granting these rights.

Mr. MONTGOMERY: He would not be aware of that. But I think you will find that very few of them were authorized by special Act; the Cedars Rapids was a special Act, but it did not derive its powers to divert waters from the river by the special Act, but it derived its powers from certain sections—

Mr. WHITE: Not even by implication?

Mr. MONTGOMERY: We probably would not agree on that, we agree on so few things.

Mr. WHITE: The first thing we know, you will be in the same boat as some engineers.

*By the Chairman:*

Q. Mr. Cameron, am I right in this, that since the International Joint Board was set up, where the diversions of waters have been authorized on navigable streams, whether it was done by Order in Council or otherwise, as I understand it, it was always submitted to the Joint International Board for approval?—A. If it dealt with the St. Lawrence, with international rivers, yes.

Q. With the exception of this present project, which was not?—A. This was not submitted to the International Joint Commission.



*By Mr. Montgomery:*

Q. The Report of the Joint International Commission preceded this application, did it not?—A. Yes, the Report of the International Joint Board of Engineers preceded this application.

*By Hon. Mr. Mackenzie:*

Q. November, 1926.—A. Yes.

*By Mr. Stewart:*

Q. Was the Chippewa diversion referred to the Joint Board?—A. No, sir, not to the best of my knowledge.

Q. What year was that in?—A. That started back about 1913.

Mr. WHITE: That was earlier than the formation of the Joint Board.

*By Mr. Montgomery:*

Q. Which one are you referring to now?—A. The Chippewa.

Q. As regards the necessity for the reference of this present application to the Joint Board, that was one of the subjects on which the Justice was asked to report by the Department of Public Works?—A. I think so, Mr. Montgomery.

Q. At any rate their opinion was asked by the Department of Public Works, to advise them as to whether there was any necessity for a report?—Yes.

Mr. JACOBS: There is a difference between justice and the Department of Justice.

Mr. MONTGOMERY: Perhaps we are confused in terms, by the use of the words, International Joint Board, which was the power board and the International Joint Commission, which was the commission.

Mr. JACOBS: Yes.

*By Mr. Montgomery:*

Q. Turning to the preliminary report,—

Mr. WHITE: In the meantime might I have a look at the memorandum?

*By Mr. Montgomery:*

Q. Would you like to run over a few of these developments, Mr. Cameron?

The CHAIRMAN: I really do not think it will have any bearing, Mr. Montgomery.

Mr. MONTGOMERY: We can take it, because this document is in the middle of one of those great big files and I do not know how many of you will have occasion to refer to that very large file.

*By the Chairman:*

Q. What Mr. Cameron has before him now, I presume, is a résumé of similar works carried out in Canada, and giving a résumé of how it was brought about?—A. Yes.

Mr. MONTGOMERY: He might read the names of the different projects, and if there are any of them about which you desire to ask questions, the information is there.

The WITNESS: This memorandum divides itself into five classes of water diversions.

*By the Chairman:*

Q. By the way, when was it prepared? Is there a date on it?—A. No, sir, there is no date on it. It is File 804-1-C, page 284.

1. Open channels across dry land.
2. Closed channels across dry land.
3. Diversions from one stream or channel to another.
4. Diversions in the stream itself.
5. Diversions through channels artificially constructed for navigation (canals).

**Examples of Class 1:**

- (a) Queenstown-Chippewa Power Canal, at Niagara Falls.
- (b) Dominion Power and Transmission Company, near St. Catharines.
- (c) Great Lakes Power Company, Sault Ste. Marie.
- (d) Hydro-Electric Power Commission of Ontario, Nipigon River, Cameron Falls.
- (e) Alcoa Power Company, Saguenay River, at Chute au Caron.

**Examples of Class 2. That is closed channels across dry land:**

- (a) Ontario Power Company, Niagara Falls.
- (b) International Paper Company, Grand Falls, St. John River, N.B. They built a dam across the river and built a tunnel above the dam and took the water through the tunnel for the power.
- (c) Shawinigan Water and Power Company, St. Maurice River at Shawinigan Falls.

**Examples of Class 3: Diversions from one stream or channel to another.**

- (a) Winnipeg Electric Company, Winnipeg River, Pinawa Channel.
- (b) Montreal Island Power Company, Riviere des Prairies, and Riviere des Milles Iles.
- (c) Duke Price Power Company, Saguenay River, Ile Maligne.
- (d) Ottawa River Power Company, Calumet Island, Bryson, Que.

**Examples of Class 4: Diversions in the stream itself.**

- (a) Winnipeg Electric Company, Winnipeg River, Pinawa Channel.
- (b) Montreal Light, Heat and Power Consolidated, Lachine Rapids development.
- (c) Cedars Rapids Manufacturing and Power Company, Cedars Rapids, St. Lawrence River.
- (d) Carillon Construction Company, Carillon Dam, Ottawa River.
- (e) Ottawa River Power Company, Calumet Island, Bryson, Que.
- (f) Shawinigan Water and Power Company, St. Maurice River, La Gabelle.
- (g) Laurentide Power Company, St. Maurice River, Grand'Mere, Que.

**Examples of Class 5: Diversions through channels artificially constructed for navigation.**

- (a) Dominion Power and Transmission Company, from Niagara River and old Welland Canal near St. Catharines.
- (b) Provincial Light and Power Company, from Soulanges Canal at foot of Cedars Rapids.
- (c) Various powers from Lachine Canal near Montreal.
- (d) Cornwall Canal, near Iroquois, Ont.
- (e) Canadian Light and Power Company, abandoned old Beauharnois Canal, near St. Timothée, Que.

*By the Chairman:*

Q. Who prepared this, Mr. Cameron?—A. I have no definite knowledge, but I presume it was prepared in our department. I do not know what for.

Q. What was the occasion of it?

*By Mr. White:*

Q. Perhaps I could help the witness. I see before it a date January 28, 1928, which apparently refers to this memorandum?—A. Yes.

Q. And it is initialled W. S. E.?—A. That would be Mr. W. Stuart Edwards, the Deputy of the Department.

Q. And who was the "E."?—A. That would be the Secretary.

Q. That does not give the name of the engineer or departmental officer who prepared it?—A. No, sir.

*By the Chairman:*

Q. Then is it right to assume that this document from which you have been reading was prepared for Mr. Edwards's guidance or instruction just prior to his advising your department?—A. I would be inclined to relate it to that circumstance, sir.

*By Mr. Jacobs:*

Q. But it is a simple departmental file?—A. Oh, absolutely.

*By Mr. Montgomery:*

Q. And those records are all on file in your Department?—A. Yes.

Q. And may be referred to?—A. I would not say that they were all; we would not have No. 5, you see.

*By Mr. White:*

Q. I would draw the witness' attention to the markings on the file, "No record".—A. They would be under Railways and Canals.

*By the Chairman:*

Q. Do you know if Mr. Edwards asked for this before he gave his opinion?—A. Unless it is on the file, I would not know.

*By Mr. Montgomery:*

Q. Looking through the file, I did not see any request on the file.—A. It may have been a verbal request.

*By the Chairman:*

Q. There may have been occasion for it in order to found a legal opinion on a set of facts presented as to a court or tribunal or lawyer for decision.—A. Yes, I would presume that probably Mr. Hunter and Mr. Edwards had some discussion about this matter and that—

Mr. WHITE: Perhaps Mr. Hunter might be able to tell us.

Mr. HUNTER: I think I can tell you quite clearly, when we were considering the Beauharnois report and its effect upon the Navigable Waters Protection Act, we all wanted to know how many times that had been done, and where, and how. So we all looked around and made up a list to show where such diversions had been made, and for what purpose they were: and that information was available to everybody.

The CHAIRMAN: Then am I correct in my assumption, Mr. Hunter, that when the Beauharnois application came before you there was anxiety in your mind as to whether it was proper to approve of it by Order in Council?



Mr. HUNTER: We certainly wanted to know whether it would require a Dominion Act or whether we had authority to approve of it under the Navigable Waters Protection Act. That is why we went to the Department of Justice, we wanted to know.

The CHAIRMAN: In your experience, were you burdened with the same anxiety in connection with other applications?

Mr. HUNTER: Yes, we always have that anxiety to know whether we can legally act on an application, and we take every step to assure ourselves we can do it, before we do it.

Mr. WHITE: Were any memoranda of this kind prepared in connection with any other application?

Mr. HUNTER: Yes, you will find them all through our files, in every application we consider.

Mr. WHITE: A history of all the diversions which have taken place up until the time of the application?

Mr. HUNTER: Each one has its own particular conditions.

Mr. WHITE: Not that, Mr. Hunter, at all, please.

Mr. HUNTER: I am explaining to you.

Mr. WHITE: I am asking you a very simple question, which is, whether in the files of other applications there is a history of all the diversions in the Dominion up to the time of the making of that other application.

Mr. HUNTER: It may be easy to answer that question, but I must answer it in this other way, that we have different sorts of memoranda about each application, giving similar information.

Mr. WHITE: Are you prepared to state now that in any other application, other than the Beauharnois, which has ever come before your Department, there is in the file a similar document to this?

Mr. HUNTER: Yes there is.

Mr. WHITE: Containing a history of all the Dominion diversions up until the time of the making of that application?

Mr. HUNTER: It contains the history of all the diversions similar and appertaining to that diversion.

The CHAIRMAN: Which one do you have reference to now?

Mr. HUNTER: There are several. The last one I remember is the Abitibi.

The CHAIRMAN: That was subsequent to the Beauharnois?

Mr. HUNTER: Yes, and Chats Falls.

Mr. WHITE: That is also subsequent to the Beauharnois. Is there any instance you can give which antedated the Beauharnois?

Mr. HUNTER: That is the system back to 1910, when Mr. Carvell was dealing with it, he had similar memoranda. I remember when a similar application was made by the Beauharnois people, and that explains the reference which was made a while ago.

Mr. WHITE: Did Mr. Edwards ask for this information before he advised you?

Mr. HUNTER: I do not know whether he did or not. Probably he did, or probably it would be quite in order that we would give him all we had, because we had investigated before and he took all our information and advised us on what we have given him.

The CHAIRMAN: Is there on the record,—if it is it has slipped my memory,—an enquiry from the Department of Public Works to Mr. Edwards, just prior to his giving his decision?

Mr. WHITE: Oh, yes.

Mr. HUNTER: And we gave him all the information we had and he went over it, so that he could question us as to any further information or the elaboration of the information which he had, in order that he might come to his conclusion.

Sir EUGENE Fiset: Is it not the practice, when asking the Department of Justice to give an opinion, to give them all the information you have?

Mr. HUNTER: We give them full information and ask them to question us as to any further information they need in coming to their conclusion.

The CHAIRMAN: That is a common practice?

Mr. HUNTER: A common practice and a very sensible practice. When you are applying to your lawyer, you want to give him all the information you have.

Mr. WHITE: Then I may say that the Department of Public Works is ideal.

Mr. HUNTER: We claim it is. We claim we operate our Department in a way that no other Department does.

The CHAIRMAN: I agree with you.

Mr. HUNTER: We get corroboration on all sides.

Mr. JACOBS: You want to have your decisions rip-rapped?

Mr. HUNTER: Yes, and double-soled.

Mr. WHITE: Instead of concreted.

*By Mr. Montgomery:*

Q. Have you finished that list, Mr. Cameron?—A. Yes, I have read the list.

Q. I understand that in addition to those which relate to more or less important water power developments, there are scores of applications for diversions for municipal purposes, water or aqueduct purposes?—A. Yes, and sewers, and water intakes.

Q. Which were made under the Navigable Waters Protection Act and were approved under the Navigable Waters Protection Act?—A. Yes.

Q. I have just had an opportunity of glancing over the preliminary report by Mr. McLachlan, and would like to ask you a question about it. You do not recall this particular report?—A. I do not recall it particularly, no, Mr. Montgomery.

Mr. WHITE: In that connection, if I am not interrupting my learned friend—

Mr. MONTGOMERY: No, go ahead.

*By Mr. White:*

Q. What is said by Mr. Hunter in his submission to the Department of Justice is this, appearing on page 100 of the Evidence:

I may say that the only case approaching this in similarity, where an application was made under the Navigable Waters Protection Act, is the application approved by Order in Council of February 28, 1929, of the Hydro Electric Power Commission of Ontario for approval of plan and description of certain power development works proposed to be constructed at the mouth end in the navigable channel of the Welland River which flows into Niagara River at Chippewa above Niagara Falls, in the Province of Ontario. In this case the diversion is provided for under the Boundary Waters Treaty of 1909.

Similar works have been by charter of the Dominion Government, and under the charters the plans for approval were submitted to this department and to the Department of Railways and Canals. The application of the Michigan Northern Power Company and the application of the Algoma Steel Corporation, Limited, seeking the approval of proposed diversion of water on the Michigan and Ontario sides of St. Marys river were dealt with by the International Joint Commission.

Hon. Mr. MACKENZIE: Also on the same page, higher up Mr. Hunter put the question squarely up to the department:

I would inquire if in your opinion the application may be treated as provided by section 7 of the Act, as a work concerning which Parliament, in passing this Act, delegated to the Governor General in Council its authority as in respect to navigation.

I would inquire further, should your opinion be negative to the above question, would this be a work concerning which Parliament retained to itself its powers to approve, similar to the question of bridges over the St. Lawrence, as was done in section 11 of the Act, and if the company should secure a Dominion enabling act to proceed with its proposed works.

The question was put squarely up to the Department of Justice by the Department of Public Works.

Mr. WHITE: I cannot agree that it is put up squarely.

Hon. Mr. MACKENZIE: I do not see why not.

Mr. HUNTER: I do not think that is a fair remark for Mr. White to make.

Mr. WHITE: Mr. White will make whatever remarks he thinks proper to make.

Mr. HUNTER: If that remark is against the department, I submit to the Committee that it was put up squarely to the Department of Justice.

Mr. WHITE: It shows the thin-skinned attitude of the department. Why Mr. Hunter should take any objection or think I am making any reflection upon the department, I am unable to understand. As between Captain Mackenzie and myself, we as lawyers understood what was meant by putting a thing up fairly and squarely. It is something which a layman probably would not use in the same way; but I am not concerned at all as to whether or not what I say is satisfactory to Mr. Hunter.

Mr. JACOBS: We have to observe the amenities, Mr. White.

Mr. WHITE: I agree, and up until now I think perhaps my conduct before the committee is such as to commend itself to the committee—outside of what I may say to my learned friend, Mr. Montgomery, of course.

Mr. JACOBS: That is as one lawyer to another.

I would inquire if in your opinion the application may be treated as provided by section 7 of the Act, as a work concerning which parliament, in passing this act, delegated to the Governor General in Council its authority as in respect to navigation.

Now, that may be clear and may be putting it squarely to the Deputy Minister, but I would not think so. That is all I wish to say. If I had been doing it, I would have done it in a different way.

Sir EUGÈNE Fiset: You are dealing at the present time with opinions of the Justice Department, based on Mr. Hunter's letter. It seems to me there were two or three opinions expressed by the Department of Justice, and I should like to have them read into the record.

Mr. WHITE: I think there are only two.

Sir EUGÈNE Fiset: I think these opinions should be on the record, as were as the others.



Mr. WHITE: Yes. Mr. Edward's letter dealing with the letter of the 17th inst., is found on page 101 of the evidence.

Sir EUGÈNE Fiset: There are three more opinions of the Department of Justice on the subject matter.

Mr. WHITE: The other one was not read in by Mr. Morin for the reason that it refers, I take it, to the procedure only, and as to whether the formalities have been carried out, and not to the substance of the application or as to the authority of the order in council.

Sir EUGÈNE Fiset: This was an important matter, and it seems to me we should have them on the record.

Mr. WHITE: We will, as a matter of fact, turn it up.

Mr. MORIN: Mr. Renaud says the matter was properly before the Governor in Council. I can find no other.

Hon. Mr. MACKENZIE: There was a letter written on December 17, 1928, the Hunter letter, and there is another letter to the Justice Department dated January 18, 1929, found in the same file, 804-1.

Sir EUGÈNE Fiset: I think there are three with reference to the agreement before signature.

Hon. Mr. MACKENZIE: There is one on the 11th March, 1929, to the Justice Department.

Mr. MORIN: Yes.

Mr. WHITE: There is a letter dated January 21, 1929, found at page 126 of Exhibit 17, 804-1-D, and is as follows:—

*Beauharnois Light, Heat and Power Co., for approval of works for division of water—Lake St. Francois to Lake St. Louis.*

With reference to your letter of the 18th instant (804-1), I beg to say that the perusal of your file has satisfied me that all the requirements of Section 7 of the Navigable Waters Protection Act have been complied with, and this application may now properly be submitted for the approval of the Governor General in Council.

Your papers returned.

Yours truly,

(Sgd.) J. A. RENAUD.

Mr. HELLMUTH: There is a letter of January 18, 1929, from Mr. O'Brien, secretary, Public Works Department.

Mr. WHITE: Yes, I have it here.

I beg to refer to you, herewith, the file of this department (No. 804-1), relative to an application from the Beauharnois Light, Heat and Power Company, under section 7, chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for approval of the plans and site of works required for the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with the power canal proposed to be constructed by the said company south of the St. Lawrence river.

*Deposit in the Registry Office:* The tracings of the 12 plans submitted for approval, a copy of a report from Mr. F. B. Brown, Consulting Engineer, dated May 3, 1927, on the project, a further report from the same engineer dated January 16, 1928, a study of remedial and control works also from the same engineer, dated January, 1928, all bear the certificate of the Registrars of Deeds for the Counties of Beauharnois

and Soulanges to the effect that a duplicate of each document was deposited in their respective offices on July 10, 1928; the same certificate is also affixed to a copy of a booklet containing the plans and descriptions of the site the deposit of this booklet having been made in the two Registry offices mentioned on July 16, 1928.

*Advertising:* The applicant company has filed with the Department evidence of publication of the notice in connection with the application in the Canada Gazette on July 21 and 28, August 4 and 11, and in two local newspapers: The Huntingdon Gleaner and Le Progrès de Valleyfield, on July 19 and 26, August 2 and 9, 1928. The notice to the public was therefore made subsequently to the deposit of the plans and other documents with the Minister of Public Works and in the Registry Offices concerned.

*Site:* The company, under its charter, as amended at the last session of the Legislature of Quebec, 1928, has been granted the power to expropriate lands necessary for the construction of the proposed canal, which apparently gives it the right to secure private property for the project. As no land belonging to the Dominion Government appears to be concerned in connection with the project, it would seem that the interests of the applicant company in the site are covered by its power of expropriation.

Taking into consideration the above remarks, will you please advise whether the requirements of section 7 of the Navigable Waters Protection Act have been complied with in connection with the above application of the Beauharnois Light, Heat & Power Company, and if such application may now properly be submitted to the Governor General in Council for approval.

(Sgd.) S. E. O'BRIEN,  
*Secretary.*

The CHAIRMAN: Who signed that letter?

Mr. WHITE: Mr. S. E. O'Brien, secretary of the Department of Public Works. Then, you have the reply of Mr. Renaud on the 21st January, the Assistant Deputy Minister of Justice, saying that the application may now properly be submitted. I wish to say to you, Mr. Chairman, and gentlemen of the committee, Mr. Morin and I felt, rightly or wrongly, that what was involved in the opinion of Mr. O'Brien, was purely on formal matters and the letters would clearly indicate that. We did not think the committee would care to be bothered with the reading of the details of it. Section 7 of the Act says—

Hon. Mr. MACKENZIE: It shows that the Justice Department was consulted on three occasions with regard to this matter by the Department of Public Works.

Mr. WHITE: Quite so. Section 7 of the act says:

The local authority, company or person proposing to construct any work in navigable waters, for which no sufficient sanction otherwise exists, may deposit the plans thereof and a description of the proposed site with the Minister of Public Works, and a duplicate of each in the office of the registrar of deeds for the district, county or province in which such work is proposed to be constructed, and may apply to the Governor in Council for approval thereof.

2. Such local authority, company or person shall give one month's notice of the said deposit of plans and application by advertisement in the Canada Gazette, and in two newspapers published in or near the locality where such work is to be constructed.

The nature of the correspondence does seem to indicate clearly that what was concerned in these opinions, as I have already indicated, was purely as to whether the prerequisite formalities prescribed by section 7, had been complied with.

The CHAIRMAN: Are there any more questions?

Mr. MONTGOMERY: Inasmuch as examination has been made upon this draft report, I think it should be filed as an exhibit.

The CHAIRMAN: The draft report of Mr. McLachlan?

Mr. MONTGOMERY: Yes. It will save time in examining Mr. McLachlan.

Mr. WHITE: I have no objection to that. That will be Exhibit 37.

The CHAIRMAN: It was a report before the joint report, which criticized what is being done?

Mr. MONTGOMERY: A great deal of it is an endorsation.

The CHAIRMAN: Some endorsation and some criticism.

Sir EUGENE Fiset: It is apparently a preliminary draft to the joint committee of engineers. That is what it looks like, because there are many expressions in it—

Mr. WHITE: It is filed purely on the question whether there was any discussion on it or not.

Mr. MORIN: I am informed that Mr. McLachlan objects to this plan, and is supported by the Canadian Section of the joint board, and I wonder if it would be worth while to have them come here.

Mr. JACOBS: His draft report was endorsed.

Mr. MORIN: His present objections I am speaking of.

The CHAIRMAN: Who are the members of the Canadian section?

Mr. MORIN: Mr. LeFebvre, General Mitchell and Mr. McLachlan.

Sir EUGENE Fiset: I think that letter, Mr. Chairman, deals with the same report that we have not been authorized to read in the evidence here, and which is still sub judice.

Mr. WHITE: No, not this report. That was long before.

Mr. MONTGOMERY: The joint report, I understand, of the Canadian section, is the one that reference was made to in the opening of the section. The Canadian section of the International Joint Commission made a report, which was referred to at the opening of the session, and has not been used.

Hon. Mr. MACKENZIE: A report made on December 13, 1930.

The CHAIRMAN: This is a draft report dated January 25, 1929, a report which was signed by Mr. Cameron.

Mr. MORIN: Cameron, Johnston, Coté and McLachlan, and was dated January 30, 1929. This draft report would be just prior to that, probably a week.

Mr. JACOBS: To whom was that report made, or was it just simply notes jotted down by Mr. McLachlan?

Mr. WHITE: Let us ask Mr. McLachlan.

Mr. McLACHLAN: What is the question?

Mr. JACOBS: I want to know to whom this report was made which is dated about a week before you signed the report with the other engineers.

Mr. McLACHLAN: When I was first instructed to co-operate with Mr. Johnston and Mr. Coté in assisting Mr. Cameron with regard to this application, I drafted the first report. That report was made up of—



Hon. Mr. MACKENZIE: Your conception of it.

The WITNESS: My conception of it. We met together and read it over together, and we decided upon certain alterations in it. I understood Mr. Cameron to say that there was never any discussion amongst us of the clause that dealt with the width of the embankment, and when I heard Mr. Cameron making that statement, I went to my file containing the preliminary draft and found this document in it. I found it had the clause stating—

Mr. MORIN: We have read it.

Hon. Mr. MACKENZIE: I think Mr. Cameron said he could not recall it.

The WITNESS: He probably couldn't, but it was circulated.

*By Mr. Morin:*

Q. Why did you drop this clause?—A. It was regarded as a matter of detail by those who were discussing it.

Hon. Mr. MACKENZIE: It was cleared up this morning, Mr. McLachlan.

Mr. WHITE: That is not an answer to Mr. Jacobs' question. What Mr. Jacobs wants to know is to whom this report was presented?—A. That report was presented to the members of our committee of engineers; it was read amongst us.

Mr. JACOBS: In other words, it is the private opinion of yourself, and you say you discussed it with the other members.

The WITNESS: It was produced to prove to Mr. Cameron that the thing was discussed.

The CHAIRMAN: Mr. McLachlan, a week afterwards, on January 30th, you all come in with this report?—A. Yes.

Q. That has been filed?—A. Yes.

Q. In the preparation of the final report of January 30, 1929, did your committee have the assistance of anyone outside of yourselves?—A. We had the assistance of a sub-committee of the cabinet.

Q. Would that be regarded by an engineer as assistance?

Mr. WHITE: That is a very delicate question for a civil servant to answer, Mr. Chairman.

*By the Chairman:*

Q. Had you anyone else other than the sub-committee?—A. No.

Q. No other engineers?—A. No; that clause was dropped on the advice of assistance we had, as being a matter of detail that should be dealt with when detailed plans were submitted and being discussed with the Beauharnois engineers.

*By Mr. Jacobs:*

Q. You concurred in that?—A. I agreed with that, yes. I thought it was the best answer to the question.

*By the Chairman:*

Q. Just one moment. You say, at the conference with the Beauharnois engineers?—A. No.

Q. I understood you to say that.—A. No; that the matter should be dealt with—instead of dealing with the width between the embankments in the clause, it was thought best to delete it from the report and settle what the width between the embankments was to be after the Beauharnois engineers had had an opportunity to discuss the matter with us.

Q. After P.C. 422 was passed?—A. Yes, after 422 was passed. That was the intention; and it seemed to me a perfectly reasonable proposition. I was quite glad to accept it.

*By Mr. Morin:*

Q. Had you been consulted about the drafting of this— —A. I have not been consulted, no. I have not been consulted before those plans were approved. I did not know until the other day that Mr. Cameron had recommended approval. I thought, in fact, he had refused to approve them.

Q. Since you left, have you been consulted about those plans?—A. Since I was asked by the Prime Minister or by the Prime Minister through a letter from Dr. Manion to call the Joint Board of Engineers together and report, I have not had any discussion with Mr. Cameron since that, that I can recall, at least, and as I sent Mr. Cameron a copy of my instructions since I received them—

The CHAIRMAN: I don't know that—

The WITNESS: That naturally cut me off from instructing Mr. Cameron any further.

Sir EUGENE Fiset: We have no right to deal with that.

*By Mr. Jacobs:*

Q. You stated in your examination in chief, you stick to the report that you signed with the other three?—A. I do sir, entirely.

Q. You do entirely?—A. I do, entirely. I see no reason for changing any word of it. I still regard the width between the embankments as a detail.

Mr. JACOBS: Some detail.

*By the Chairman:*

Q. Mr. McLachlan, you say you stick to this report of January 30, 1929, in its entirety?—A. Yes, sir.

Q. Having regard to where the banks are now located, I suggest to you it has got a little out of control?—A. Got completely out of control, sir.

The CHAIRMAN: Are there any other questions any member of the committee wishes to ask?

Mr. GARDINER: I want to clear up a point brought up yesterday.

Q. In some correspondence which was brought before the committee by Mr. White, counsel for the committee, there was an application made for a further diversion of water, for which no approval has been granted. Can you explain a little more about that diversion, Mr. McLachlan.—A. By whom was the application made, Mr. Gardiner?

Q. By the Beauharnois Light, Heat and Power Company.

Mr. WHITE: 30,000 feet.

Mr. GARDINER: For some small quantity of water for their works.

Mr. MORIN: For lockage purposes.

The CHAIRMAN: There was a discussion by Mr. Cameron about opening the dyke.

Mr. GARDINER: Yes. Can you give any more information about that?

Mr. McLACHLAN: I do not think I quite get what you are talking about.

The CHAIRMAN: An application was made for the Beauharnois company to turn some water down the feeder ditch in order to facilitate the carrying out of dredging operations. That is what I gather from the evidence you gave, Mr. Cameron, to cut across through here, in order to get to the dyke to provide water—

Mr. CAMERON: I do not think that— Has anybody a sketch of the location? You see the intake from Lake St. Francis to Lake St. Louis, the feeder dyke up somewhere over here, and runs in a general southerly direction into the St. Louis river. Well, when the company came along here, and cut in through the bank on both sides, of course, it interfered with the flow of water there. What they did was, they took the mouth and closed that up there, and opened it here, and joined that one (indicating on plan).

The CHAIRMAN: Closed the mouth of the feeder ditch, opened the dyke at about the south boundary of the banks?—A. Yes, and joined that up there with this.

Q. They did that?—A. They did that.

Q. Without any approval?—A. Yes, they applied for approval under the terms of the lease, to bridge the dyke by new control—

*By Mr. Gardiner:*

Q. Well, I take it they are not only using the water from the old feeder, but also that they are using the dyke south of the canal which is now being built?—A. Yes.

Q. Without permission?—A. Yes.

Q. Therefore, it is not legal?—A. The application before the department has not been approved; it is before the department for approval.

Q. What provision did they make across the dyke for traffic, do you know?—A. They carried across, practically identical with the old one.

Q. There is a bridge there?—A. A bridge.

Hon. Mr. MACKENZIE: What about sitting to-night?

The CHAIRMAN: I think we may as well.

Hon. Mr. MACKENZIE: I should like to sit to-night.

The CHAIRMAN: We will adjourn now until 2.30 and we shall sit from 2.30 until—

Sir EUGÈNE Fiset: Why not meet at a quarter past three so we shall be able to attend the house until the orders of the day are dispensed with. We want to close the session as speedily as possible.

The CHAIRMAN: Perhaps this is the best way we can close it.

Mr. WHITE: Is it decided we are going to sit to-night?

Mr. JACOBS: We cannot sit to-night. My Sabbath begins at sundown.

Mr. MORIN: We are through now with the engineers, I understand.

Hon. Mr. MACKENZIE: Are you not calling the other two, informally?

The CHAIRMAN: Gentlemen, we probably will not sit to-night on account of the representations that have been made. We will adjourn now until 2.30, and I think we shall go through until 6 o'clock.

Committee adjourned at one o'clock, until 2.30.

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### AFTERNOON SITTING

The Committee met at 2.30 p.m.

LOUIS COTÉ, called and sworn.

*By Mr. White:*

Q. Mr. Coté, you are an engineer in the Public Works Department?—A. In the Marine Department, sir.

Q. And are you Chief Engineer of that Department?—A. Yes sir.



Q. How long have you been there?—A. With the department?

Q. Yes?—A. Over twenty years or more.

Q. What branch of engineering are you particularly engaged in with respect to your duties in that department?—A. Well, there is quite a variety of work that we have to do.

Q. Have you anything to do with navigation as such?—A. Well, I have to do with the construction of aids to navigation, light houses, and things of that kind.

Q. Have you experience with the St. Lawrence River?—A. Well, I have to some extent; yes.

Q. You were a member of the Committee of Engineers who considered the Beauharnois project?—A. Yes.

Q. And a committee which made a report some time in January was it, 1929?—A. About that time, I guess.

Q. The other members being?—A. Mr. McLachlan, Mr. Cameron—

Q. Mr. Johnston and yourself?—A. Yes.

Q. You being representative of the Marine Department?—A. Yes.

Q. Previous to that had you had any particular knowledge of this project?—A. Not before that, no; I had heard about it, but I had made no study of it.

Q. And as the member of the Marine Department—when you came to study it as a member of that committee, from what angle did you approach it?—A. Well—

Q. How was the Marine Department interested in it?—A. They were very interested in the effect it would have in the St. Lawrence below the rapids, below these works.

Q. Below the Soulanges section?—A. Yes.

Q. You were not particularly interested in it from the standpoint of its effect upon the Soulanges section, except in so far as that effect might further effect the river lower down, Montreal Harbour, and so on?—A. Yes, exactly.

Q. And you concurred in that report; you signed that report that was made?—A. Certainly, yes.

Q. And I suppose you stick by that report?—A. I have made no further study of it since.

Q. Since you signed the report have you been consulted about the project at all?—A. Not at all.

The CHAIRMAN: Has any member of the committee any questions to ask Mr. Coté; or have you, Mr. Montgomery, any questions to ask him?

Mr. MONTGOMERY: No; I don't think so.

The CHAIRMAN: Mr. Hellmuth?

Mr. HELLMUTH: No.

Witness dismissed.

J. T. JOHNSTON, called and sworn.

*By Mr. White:*

Q. Mr. Johnston, you are the director of water powers and the reclamation service?—A. The Department of Water Powers and Reclamation Service of the Department of the Interior.

Q. And you are the engineer in charge of that work?—A. Yes. Well, of the work of that bureau.

Q. What particular duties have you; what are you concerned with principally?—A. Well, up to the time of the transfer of the resources to the Prairie Provinces, we were responsible for the administration of the water powers of

the Prairie Provinces, and we have certain co-operative agreements with the Eastern Provinces under which we have carried on investigatory work from coast to coast.

Q. How long have you been engaged in this work?—A. Our agreements with the different provinces—

Q. How long have you been engaged in this particular kind of work?—A. I joined the water power service in 1911.

Q. Have you been concerned with navigation at all?—A. No, sir.

Q. And before you joined this particular service, where were you engaged?—A. I was on the Trent Canal in an engineering capacity.

*By The Chairman:*

Q. Is that canal operating now, by the way?—A. Yes, it is operating.

Q. For ships?—A. Launches. It is only nine feet navigation. I was on the staff for about two and a half years before I came to Ottawa. Since then I have had nothing to do with navigation.

*By Mr. White:*

Q. That is hardly navigation work, is it?—A. No, sir.

Q. It is principally power work?—A. Yes, sir.

Q. And by the way, while we are on that subject, is the power that is developed on the Trent Canal sold to the users by the Department of Railways and Canals here?—A. I believe so; but I believe you should really get that information from Mr. McLachlan. I do not know of my own knowledge.

Q. I thought you would have been concerned with it?—A. In those early days there was not very much power developed.

Q. What was your first acquaintance with the Beauharnois project?—A. Well I made a report to my minister on it in 1912. It was rather out of line with our responsibility at that time, but I was requested to make an investigation into an application which I believe was before the Department of Public Works at that time by Mr. Robert.

*By Hon. Mr. Mackenzie:*

Q. What department were you with in 1912?—A. The Interior Department. I simply went down as engineer to make a report on this application of Mr. Robert's, which, if I remember correctly, was for 10,000 cubic feet per second diversion.

*By Mr. White:*

Q. Or 11,000?—A. It may have been 11,000.

Q. I understood it was from 11,000 to 18,000; 11,000 at low water, and 18,000 at high water?—A. It is rather ancient history. I do not remember. At that time I pictured the entire diversion of the river across that route, and I appended to my report an outline of a scheme of development which would place the banks 5,000 feet apart, 20 feet deep, and provide for the development of the entire river and, at the same time, pointed out that it could be adapted for 20 to 30 feet navigation.

Q. The same canal?—A. In the same canal, yes. But I simply did that because that idea struck me, and I appended this in the report in rather complete detail.

Q. That was rather gratuitous on your part?—A. Exactly. And I recommended that the problem was of such magnitude that it would be desirable to have the whole matter investigated by a governmental commission to see whether the thing was practicable or not. And that was the last of it. I dropped out of sight entirely.

*By the Chairman:*

Q. Mr. Johnston, to anyone going down there and visualizing the locality from St. Louis to St. John it becomes fairly obvious that it is a hand-made power-navigation proposition?—A. Yes.

Q. It is a digging problem?—A. Yes.

Q. Easy of being brought into being?—A. Yes, sir.

Q. And it is in your lap almost if you have enough money to carry on the work?—A. Yes, sir. It struck me that way at the time I saw it first in 1912.

*By Hon. Mr. Mackenzie:*

Q. Did the route you had in your plan correspond with the present route?—A. The route corresponded exactly.

*By Mr. White:*

Q. Are you speaking accurately, with precision, or in a general way?—A. In a general way, sir. My idea was to leave the river about the same location and approximately follow that route and put the power house in the same location it is now.

Q. Can you tell us whether the entrance to the canal was in the present location, or north or south of it, and if so, how far?—A. I did not locate it that closely: it was simply a general outline I presented.

Q. An outlet somewhere on Lake St. Francis?—A. Yes.

Hon. Mr. MACKENZIE: Is that 1912 report filed?

Mr. WHITE: No, it is not.

Hon. Mr. MACKENZIE: I would like to see that, personally.

*By Mr. White:*

Q. Have you a copy of that report?—A. I have, sir.

(Copy of Mr. Johnston's report dated June 21, 1912, filed and marked Exhibit 38.)

The WITNESS: That red line, sir, represents the route of Mr. Robert.

*By Mr. White:*

Q. There is no red line?—A. I am sorry. On some copies that thing called "centre line of power canal" was in red. That was the proposal I brought to the department, and that was appended.

Mr. WHITE: Shall I read the report, or had Mr. Symmes better look it over and see what it contains?

Hon. Mr. MACKENZIE: I would like to have it available for my personal examination.

*By Mr. White:*

Q. Have you ever considered, other than in your report as a member of the Joint Committee of Engineers—that is the Departmental committee—this present project?—A. Not until such time as it was brought before the Government again by the Beauharnois Company.

Q. You have not heard my question apparently. You made a joint report, didn't you?—A. Yes.

Q. And, of course, naturally before you made that report you gave the subject some consideration?—A. Yes.

Q. And I asked you if that was the only time that you had considered this present project?—A. That was the only time, sir. I knew in a general way that the project was before the department, from newspaper items and so on, and I was invited, through the courtesy of the Minister of Public Works, to collaborate with Mr. Cameron in the examination of the company's application.



Q. My question was: that was the only occasion upon which you studied the present project?—A. That was the only occasion, sir.

Q. And this, therefore, would be the only report on the present project which you made?—A. Yes, sir.

Q. Or concurred in?—A. Yes, sir.

Q. And after making your report, have you been further consulted in the matter?—A. I was present at two meetings held in Mr. McLachlan's office at which the engineers—at the second of which the engineers of the Beauharnois company were present.

Q. And at that meeting were certain features of the project discussed?—A. Yes, sir.

Q. Was the width of the canal discussed?—A. At the second meeting it was. I am certain of that.

Q. And who were present?—A. The representative of the company—I believe Mr. Sweezy—was present, Mr. T. H. Hogg—Dr. Hogg that is, Mr. Cameron, Mr. Coutlee, Mr. McLachlan and myself.

The CHAIRMAN: When did Mr. Henry leave the government service?

Mr. WHITE: I am going to ask Mr. Henry that.

WITNESS: That, sir, was March 19, 1929.

*By Mr. White:*

Q. The date of that second meeting when the matter was discussed?—A. Yes.

Q. Now, I see I have here something which has been handed to us by the Beauharnois people called "physical facts and financial figures in connection with the Beauharnois project." On page 8, I see this statement under the heading of "technical advice":—

independent and favourable engineering reports have been made in the past on the present project by a number of prominent engineers including the late Sir John Kennedy, Messrs. J. P. Johnston, J. B. Challies, Arthur Surveyor . . . . .

and so on, and these are your initials. I presume the reference is to you?—

A. To that report I have just handed in.

Q. How do you know?—A. Because that is the only report I have made.

Q. That obtained to the present project?—A. Of course, I am not responsible for the way they worded that in that publication. That may have been the only report they had in mind. I think the wording is rather loose.

Q. At any rate, you have not, with the exception of this committee report, made any report on the present project?—A. No, sir.

Q. You did concur, of course, in the committee's report?—A. I did.

Q. Was the matter of the width between the embankments discussed before you made your joint report?—A. I think it came up during the discussions, although I have no clear recollection of it being a major point. My own view had always been more or less favourable to the wide canal because of my early conception, I imagine, and I do not consider that the committee had before it, or had considered the matter of the width of the canal unless it was in relation to its effect upon the present and future navigation of the river. That was the express reference we had before us on the committee, and I could not conceive that a wide canal had any detrimental effect on the navigation features.

Q. So that a 20-foot deep canal, of course, would not have done for 27-foot navigation, would it?—A. Oh, no, it would not. At that time I thought 20-feet was deep water navigation.

Q. But now the objective seems to be 27 feet?—A. As a matter of fact though, in my report I said 20 to 30 foot navigation canal.

Q. And there would be no object, of course, in a combined power and navigation canal for the whole of it to be of that width. 600 feet at the bottom of the prism is quite wide enough, is it not, having regard to the width of navigation between this point and the head of the lakes?—A. I would judge so, although as I have said, I am not a navigation man.

Q. But you know the width of other canals?—A. I know the width we approved of, and in that report I had the concurrence of both Mr. McLachlan and Mr. Cameron.

Q. My suggestion is that 600 feet at the bottom of the prism would be quite sufficient for all navigation purposes at a depth of 27 feet?—A. Yes, sir.

Q. So that any other width and depth you have to do with would be important only in connection with power?—A. Yes, sir.

Q. And for 40,000 cubic second feet a channel 600 feet wide at the bottom with banks with 3 to 1 slopes and flowing  $2\frac{1}{4}$  feet a second would be quite sufficient to carry that 40,000 cubic second feet, would it not?—A. It would.

*By Hon. Mr. Mackenzie:*

Q. Mr. Johnston, I would just like to ask one general question. You made a report in 1912 in regard to the general diversion of the St. Lawrence river?—Yes, sir.

Q. I am asking you now your opinion as an engineer. Considering the St. Lawrence as a great national asset, what is your opinion, not of any methods but of the resulting project as we have it here, are you in favour of it or against it?—A. I think it is a good project.

*By the Chairman:*

Q. A good project for whom?—A. Well, a good power development project.

Q. But for whom?—A. For the people who have control of it I imagine.

Q. You refer in your report, Exhibit 38, to Mr. J. Kennedy and Mr. W. T. Warner. Were they gentlemen who had reported on the matter from the standpoint of the applicants?—A. They had reported to the applicants and I had had access to their reports.

*By Mr. Jacobs:*

Q. That is Sir John Kennedy, the chief engineer of the Harbour Board of Montreal?—A. I believe so.

*By Mr. White:*

Q. Then did you recommend one or two canals?—A. One.

Q. Well, was it not divided in some way?—A. No, I did not divide the channel at all.

Q. You speak of the head less the hydraulic grade. What do you mean by that?—A. Well, in Mr. Kennedy's report, if I remember rightly, there was a drop of 3 feet in the canal.

Q. I see. That is, that the water itself in order to create the flow, the required velocity, had to fall 3 feet before it reached the dam?—A. Exactly, sir.

Q. You speak of the granting of the application to the Beauharnois Light Heat & Power Co., and development of the whole river is what you had in mind?—A. Yes, sir.

Q. Then you say:

A short outline of the method to be pursued is as follows:

In place of building the two embankments necessary to the present scheme, at a distance of only 250 feet from toe to toe, they might just

as easily be placed 5,000 feet apart, the flatness of the country at all points along the route permits of this.

The walls could be built from material taken from two canals along the inner edge of each embankment.

That is where I got the idea of two canals?—A. I see.

Q. What does that mean?—A. I simply meant to build the embankments in such a way as to use the material most readily available, simply taking it from the ditch to build the embankments.

The CHAIRMAN: The same as is being done now.

Mr. WHITE: Not quite, because I understand your idea here was to take it from the outside of the embankment as well as the inside?—A. No, I think my idea was to take it from the inside.

Q. What do you mean by:

The walls could be built from material taken from two canals along the inner edge of each embankment.

A. Well, the embankments are 5,000 ft. apart. My idea was to dig two canals or ditches on the inner side for building each embankment and that would supply the power house with power in the meantime, and then that the core that was left in the middle would be taken out accordingly as they wanted more water for power. That was the conception I had.

Q. And altogether when it became necessary to navigate it.—A. Yes, sir.

Q. Then you speak of headgates here, what are they.—A. Well, what I had in mind when I wrote that report was that there would be headgates at the head of the canal.

Q. You mean at the entrance to the canal at Lake St. Francis.—A. Yes, sir.

Q. For what purpose.—A. I considered that it was desirable to have them there for purposes of regulation and control.

Q. Captain Mackenzie wishes to know if this is the same as a guard lock, serving the same purpose.—A. No, I did not conceive a guard lock at all at the time.

Q. What is the difference between a guard lock and headgates.—A. Well, a guard lock will transfer ships from the lake to the canal. I only was looking at it from a power point of view and considered that the headgates would be useful in regulating the flow into the canal.

Q. Well, would not the consumption at the other end control that.—A. Probably it would, but I did not look at it that far ahead at that time. I did not pose as an expert on hydraulics at that time. In fact, I was just two years out of school then.

Q. Do you now?—A. Well, that is questionable.

Q. May we take it then that this is one of your boyish dreams.—A. More or less; but I think it has been more or less confirmed.

Mr. STEWART: What is that.

Mr. WHITE: More or less confirmed. Of course, dreams sometimes do come true.

*By Mr. White:*

Q. Well, then you speak here on page 7: The question as to protecting the banks from wave and ice action is one to be carefully considered. A concrete slab extending from top to bank to 10 feet below water level may be ultimately necessary. The woven mats used on the



levees of the Mississippi might be used with advantage. In view of the great mass of clay in the banks, the inner slope of the same might with advantage be increased to 4 to 1.

You did not recommend, I see, riprapping the banks.—A. No, sir. I simply presented those two alternatives.

Q. And one was the woven mats and the other concrete.—A. Yes, sir.

Q. Your estimate of the whole utilization of the minimum flow is the production of 1,300,000 horse-power?—A. Yes.

Q. That was the figure?—A. Yes.

Q. That has to be revised?—A. That is revised now.

Q. And now it runs to nearer 2,000,000, does it not?—A. Isn't it 1,400,000 now.

Q. At 85 per cent load factor?—A. It is 1,400,000 or 1,600,000.

The CHAIRMAN: Is that all, Mr. White.

Mr. WHITE: Well, perhaps we may have to recall Mr. Johnston.

Mr. FORSYTHE: Might I ask, Mr. Chairman, at this time, not having had the advantage I am in the same position as Mr. White—of perusing Mr. Johnston's report, it might be necessary to call him again.

*By Mr. Forsythe:*

Q. Mr. Johnston, with reference to the conference which you referred to as having taken place between yourself and some others at Mr. McLachlan's office, was that conference on 24th March, 1929.—A. The 19th March, is the date I think.

Q. Yes, 19th March. Now you mentioned the fact that Mr. Cameron was at that conference. It is not of vital importance but in the interests of accuracy I am instructed that Mr. Cameron—

Mr. WHITE: Now, please. My learned friend, of course, is quite well aware that he is not permitted to put on the notes what his instructions are.

Mr. FORSYTHE: I am not well aware of any such thing, but if my learned friend is now teaching me I am willing to learn.

Mr. WHITE: Well then, there is hope.

Mr. FORSYTHE: There is some hope, Mr. White. Mr. Chairman, I propose to ask the witness this question. If it is not admissible then you can rule against me. I am instructed that Mr. Cameron on the 19th of March, 1929, was in Florida—

Mr. WHITE: No, no, because it does go down in the notes. That is the difficulty. You see, it is an indirect way of getting in evidence.

Mr. FORSYTHE: You see, Mr. Cameron stated himself and it is on the record, that he was not at that conference.

Mr. WHITE: That is another proposition.

The CHAIRMAN: The chances are there was a conference, whether it was on that date or any other date.

The WITNESS: I may be wrong on the date.

Mr. FORSYTHE: I notice in the files of the Department, Exhibit 17, 804-1D, at page 262, a memorandum signed by Mr. Coutlee dated the 20th March, 1929, in which it is stated:

On the 19th March, 1929, Messrs. Griffiths, Sweezey & Hogg, representing the Beauharnois Light Heat & Power Co., met Messrs. D. W. McLachlan, Railways & Canals, J. T. Johnston, Water Power Branch and C. R. Coutlee, Public Works, at Mr. McLachlan's office, West Block.

The WITNESS: I may be wrong. My recollection was Mr. Cameron was there. That was the same meeting I think.

*By Mr. Forsythe:*

Q. Now then, at that conference, Mr. Johnston, there was some discussion I believe of the width of the canal?—A. Yes, sir.

Q. The distance between banks?—A. Yes.

Q. Now, may I ask whether there were objections raised by Mr. McLachlan to the greater width at that time, to the width proposed at that time?—A. Yes there were.

Q. And were the objections founded upon ice conditions?—A. He brought up the question of the possibility of ice jamming with the wide embankments.

Q. Yes, and did he suggest an alternative method of constructing this canal of dividing it, by taking the greater width and allowing longitudinal barriers to exist?—A. He did.

Q. Between three canals we will say?—A. He did.

Q. And was there any other suggestion advanced at that time about that?—A. I do not recollect of any suggestion being advanced or discussed. That point was argued at considerable length by Mr. McLachlan and by the Engineers of the Company.

*By the Chairman:*

Q. Did they take issue with Mr. McLachlan?—A. Yes, they did.

Q. Did anyone else who was present take issue with Mr. McLachlan?—A. I don't know that they did on that matter of the three parallel canals. It was really an engineering discussion as to whether or not ice would telescope in the single canal.

The CHAIRMAN: Who were present at that meeting.

Mr. FORSYTHE: Messrs. Griffiths, Sweezy & Hogg representing the Beauharnois Light Heat & Power Co., and Mr. McLachlan, Mr. Johnston and Mr. Coutlee.

*By the Chairman:*

Q. At any rate, the views of the Beauharnois engineers prevailed?—A. I would say it was left, neither side being convinced the other was right.

Q. Ultimately they prevailed?—A. At least, no plans were ever filed afterwards embodying the three.

Q. In the light of the present project they must have prevailed?—A. Yes, they must have prevailed.

Mr. JACOBS: Truth is always mighty and will prevail.

Mr. FORSYTHE: Now, I wonder if I might have, Mr. White, the preliminary report of Mr. McLachlan that was filed this morning as Exhibit 37.

*By Mr. Forsythe:*

Q. Mr. Johnston, on the question of the width of the parallel banks, is that not a pure question of power economics?—A. Yes, I would say it was.

Mr. WHITE: I am afraid you will have to explain to us what power economics are.

Mr. FORSYTHE: You will get lots of explanations, Mr. White.

The CHAIRMAN: It is rather obscure to me when you say that the width of the banks—

Mr. FORSYTHE: I beg your pardon, sir, the parallel banks.

Mr. WHITE: I must confess that I do not understand what my learned friend is asking about. Does he mean the width of the parallel banks or the width of the bank itself.

Mr. FORSYTHE: I do not mean the width of anything, but as to whether those parallel banks dividing the wide canal into three canals should be there.

The suggestion was advanced by Mr. McLachlan at this conference that instead of having a wide reach between the embankments there might be, so to speak, three canals—the north bank then a longitudinal barrier, then another canal and then another longitudinal barrier, then another canal and then the south embankment.

The WITNESS: That is not what I understood when you asked the question. Will you repeat the question, please?

*By Mr. Forsythe:*

Q. The question which I asked was whether the existence of those parallel banks, or the proposition to install those parallel banks was not a question of power economics purely?—A. Well, it was evident that every additional embankment of that sort would cost additional money, and if they could be avoided it was economically desirable that they should be avoided.

Q. Exactly. And the question of the ice problem, as it was raised at that conference, was not a question of interference with the opening or closing of navigation but a question of power difficulties which might arise from the buckling or telescoping of that ice.—A. As it was discussed at that time, yes.

Q. Now, I suppose since you have prepared your report of 1912 you have had some considerable experience in the supervision of construction of power projects, Mr. Johnston?—A. Oh, yes, quite a lot.

Q. In the first place, I would like to ask your opinion, Mr. Johnston, on the present construction of the canal. The evidence has been given that the north embankment of this canal has to be lined or protected with riprap. In your opinion, is that lining a sufficient protection?—A. I have not seen the plans showing the extent of the riprap, or anything of that sort; but undoubtedly riprap could be made efficient.

Q. Now, I note this expression in Exhibit 37, the preliminary report of Mr. McLachlan, or the draft report of Mr. McLachlan:

If a power canal is to be built with the idea that it will later be used for navigation, as well as power, it must have low velocities. If it has low velocities, no protection lining would be required to stop scour and an ice cover will form in winter.

Do you agree with that Mr. Johnston?—A. That is correct.

Q. Now, are you familiar, Mr. Johnston, with what is actually being done in the way of construction on the Beauharnois project at the present time?—A. Not directly. I have had no responsibility for it, but I have gone down once or twice out of curiosity.

Q. Now, I note this expression also at page 12 of the report, but before I ask the question I want to preface it by stating that I understand from what I saw at Beauharnois, and what has been said here, that the embankment on the north side is being constructed by building two dykes, so to speak, one which is at the edge of the canal and another north of that, and that in between a hydraulic fill is being made. And I note in this preliminary report of Mr. McLachlan's this sentence:

The disposal of excavated material should be arranged so it will strengthen embankments throughout the length of the canal. In this way, the necessity for a guardlock at the foot of Lake St. Francis will be avoided.

Now, having in mind, Mr. Johnston, what you have seen yourself, and the very brief and perhaps crude description that I have given you of my conception of the methods being followed, in the first place, the handling of the excavated material, as it is now being done, will that strengthen the embankment?—A. It will.



Q. And do you agree that the excavated material being used in that way, will, as Mr. Johnston suggests, avoid the necessity for a guard lock at the foot of Lake St. Francis?—A. I see no necessity for a guard lock at the outlet at Lake St. Francis if the embankments are built substantially as they are being built.

*By the Chairman:*

Q. Mr. Johnston, the plans seem to contemplate that the north embankment will be better protected than the south. Does that make any difference?—A. Of course, I have not seen those detailed plans, sir.

The CHAIRMAN: Am I correct in that, Mr. Forsythe. There is no riprap shown on the south embankment.

Mr. MONTGOMERY: That is being riprapped now on the south embankment.

Mr. Forsythe: Mr. Henry says the south embankment is now being riprapped.

The WITNESS: There would be a certain wave action on the south embankment.

*By Mr. Forsythe:*

Q. Now in your department, Mr. Johnston, applications are made over which you have general oversight for leases and water powers under the control of the Dominion.—A. In Western Canada. We had up to the time of the transfer of the resources.

Q. Now, to be as brief about it as possible, I understand that under the regulations made by your department under the Dominion Waterpowers Act, you provide first that an application shall be made with plans showing the general layout.—A. General layout plans, we call them.

Q. Now, those plans I take it show the site of the proposed works, and the general outline and the way in which the development is proposed to be proceeded with.—A. Yes, sir. They show the locks and the dams, the power house, sluiceways, the elevations of the embankments and all general data of that sort to enable us sufficiently to understand what is contemplated.

Q. Then if such an application receives the approval of your department you issue a permit, I believe, or a licence.—A. Not necessarily. As soon as we are satisfied that the development is sound and in the general interest, and also that it will provide for the full development of the site, then if the Minister agrees we are prepared to enter into an agreement for development and we issue an interim licence.

Q. Now, then from that stage on, what is the practice in your department with reference to the filing and approval of detailed plans and the supervision and construction of the work.—A. The interim licence fixes a date for the filing of general construction plans as we call them. Those plans are intended to set out in detail the construction of the various structures. The licence provides a certain time within which those plans must be filed. It also provides that having been filed if they are not approved by the Department within six months they are to be considered approved.

Q. That is, if there is no active approval.—A. Exactly. That is providing a break in both directions. Meantime the work is commenced. We place an inspecting engineer on the ground who reports to us weekly to us in Ottawa. He is given authority to collaborate with the engineers of the company to develop the detail plans and to permit of initial construction work being started. We always also assure ourselves as to the engineering advice that is behind the company so that we are sure that that is satisfactory to the Department. Then with that background we have always been accustomed to authorize the licensee to proceed with his construction work as rapidly as he can get his plant on the ground, and very often postpone the filing of detailed plans of cer-

tain parts of the work until the work was well advanced. Our objective is simply this, that if we waited until the detailed plans were filed we would hold up the construction work usually a year. It is always possible to start certain parts of the work promptly, and our objective was to co-operate with them to get the plant built as rapidly as possible.

Q. And have you found, Mr. Johnston, in your experience in the Department that the absence of detailed plans, when you had your man on the job supervising the work, your resident engineer in charge of the work, ever caused prejudice to the project.

The CHAIRMAN: Well, that is a long long shot.

Mr. FORSYTHE: I am not asking this witness to interpret the words of Condition 11 of the Order in Council but, Mr. Chairman, you will appreciate that it is very difficult for counsel representing a special interest before a committee of this kind—we have no pleadings—to know what counsel is aiming at, and if it is suggested—as has been suggested—that the absence of approval of these plans,—as a matter of consequence it seems to me that it is competent for counsel representing the Beauharnois Light Heat & Power Co., to show that no prejudice has resulted, or would result from this course, and that a similar course—

The CHAIRMAN: By the Department being prejudiced in the past on other similar projects.

Mr. FORSYTHE: I think, Mr. Chairman, that that is a proper statement of what I have said, with deference to yourself. What I thought I had made clear was this, that where the department has a resident engineer on the work, in close touch with it, supervising it, that the absence of plans in the experience of Mr. Johnston, who has had a number of large works under his control, has not caused prejudice to that department.

Mr. JACOBS: You want to show that it is the practice.

Mr. FORSYTHE: Exactly.

Hon. Mr. MACKENZIE: I think the general practice of the department might be of value to this committee.

Mr. WHITE: If this were the department that is in question, that might have some force.

Mr. FORSYTHE: It is a department, at any rate, that has had to do with projects—I do not know whether they are as large as this one—

Mr. WHITE: I would not think so.

Mr. STEWART: I do not suppose he has ever had to do with navigation in any of those projects.

The WITNESS: Except this, that large projects on our navigable rivers had to receive the approval of the Department of Public Works.

*By Mr. Stewart:*

Q. You have no project in the province of Alberta that has any relation at all to navigation?—A. No.

Q. But you have power projects there?—A. Yes, on the Bow River.

*By Mr. Forsythe:*

Q. And what about the other provinces, Mr. Johnston? Have you got power projects in the other provinces that are on navigable streams?—A. The Winnipeg River is a navigable stream, and on that river all the projects had to receive the approval of the Department of Public Works.

*By the Chairman:*

Q. Is that what is known as the Seven Sisters?—A. The Seven Sisters was on the Winnipeg River.

Q. Is the same practice being followed here that was followed in the Seven Sisters development?—A. You mean here at Beauharnois?

Q. Yes.—A. Well, not identical, sir, because our regulations are not the same exactly as the provisions that are embodied in that Order in Council under which the Beauharnois project is proceeding. I was simply describing our own regulations.

*By Mr. Forsythe:*

Q. The general practice under your regulations?—A. Yes.

Q. Now, from the evidence of Mr. McLachlan, I understand that it was in his mind that the committee of engineers had the intention of imposing a condition that the width between the embankments should be narrowed. Was that your opinion of it, Mr. Johnston?—A. I do not think that he could credit me with that opinion, because I at no time passed the idea to him, in fact, I have always been more or less favourably disposed to the greater width.

Q. Upon the ground that it was a more economical way, developing the whole flow of the river?—A. I thought so.

Q. And when you recommended in that early report, Exhibit 38, you did not recommend three canals with those longitudinal barriers?—A. Oh, no. We recommended that the 40,000 second feet would not detrimentally affect navigation.

Q. Now, Mr. Johnston, have you yourself ever entered into any calculations as to the effect on the opening and closing of navigation with the exposed area of water?—A. No, sir.

Q. You have made no such calculations?—A. No, sir.

Q. Have you ever had occasion to enter into a discussion of that feature of Mr. McLachlan's opinions?—A. I have not.

Q. Have you an opinion on that subject yourself, Mr. Johnston? Have you formed an opinion?

Mr. WHITE: How can he have an opinion if he has never made the calculations?

Mr. FORSYTHE: I think a person can have an opinion—

Mr. JACOBS: I have an opinion and I have never calculated it. I do not think we need concern ourselves very much about that feature of the case, that is, talking for myself.

Mr. FORSYTHE: If I knew that was the view of the whole bench.

Hon. Mr. MACKENZIE: You never know the view of the bench.

The WITNESS: I have made no calculations myself, but I was not convinced by Mr. McLachlan's calculations. That is all I can say.

*By the Chairman:*

Q. But you agree with Mr. Cameron pretty well?—A. Yes, sir.

Q. And Mr. Cote, I presume, agreed with you?—A. I would not want to speak for Mr. Cote, sir.

Q. He was there present?—A. I do not think that came up till after the report was signed.

Q. Well, Mr. McLachlan seems to have been the one in disagreement generally with the others?—A. That is right.

Q. And you agreed with Mr. Cameron?—A. Yes, sir.

Q. And Cote agreed with you?—A. He probably agreed with Mr. Cameron, too. I did not put it that way in my own mind at all.

*By Mr. Forsythe:*

Q. There was one point, Mr. Johnston, when you all seemed to be agreed and that was when you signed the report?—A. I think the report is quite explicit and says exactly what we intended it to say.



Mr. JACOBS: Mr. McLachlan says here that he still agrees with that report.

*By Mr. Forsythe:*

Q. Mr. Johnston, I do not know whether I asked this or not, but I noticed from that memorandum dated March 20, 1909, that this question of parallel banks dividing the canal into three channels was discussed, and you told the committee that Mr. McLachlan had one view and the engineers of the Beauharnois company had another view. Will you tell us whether you had a view and if so what it was?—A. I did not feel that the central banks were necessary.

Q. That is all I have to ask, Mr. Johnston.

Mr. FORSYTHE: I would ask leave, Mr. Chairman, if anything develops in this report, which I have not read, to call Mr. Johnston again.

*By Mr. White:*

Q. The central banks, however, would have had a tendency to prevent telescoping of the ice, would they not?—A. I did not quite catch the question.

Q. The central banks would have had a tendency to prevent the telescoping of the ice?—A. They would have had a tendency, yes.

Q. And in regard to them, your original idea of the making of the banks was to take the material that was dug and put it upon the banks?—A. Yes, sir.

Q. If it had not been put upon the banks it would have had to be wasted somewhere else?—A. Yes, sir.

Q. Now, I suggest to you that the three canals on that principle might have been dug as cheaply as one?—A. Except that you would have had to get a little more land. You would have had to widen out.

Q. The additional expense, if any, would have been comparatively trifling?—A. I would not want to say trifling.

Q. It would have amounted to quite a figure, I think. In disposing of the material, do you say that it is not much cheaper right at the exact location, than disposing of it four or five thousand feet away?—A. Well, in disposing of it from the central core with the equipment which the company has on the ground I think you will find it much cheaper.

Q. Well, but there is other equipment for doing that. You can use a dragline just as well as you can anything else?—A. I was thinking particularly of that hydraulic dredge.

Q. Let us get away from the dragline first. The dragline operation would have been just as cheap for the three as for one, would it not?—A. A dragline operation, yes.

Q. And if you had done it that way the hydraulic dredge would not have been necessary at all?—A. I have not gone into the detailed engineering end of it to be able to reply to that but I imagine—

Q. All right, we will take your answer. That hydraulic dredge is a mighty expensive piece of machinery, is it not?—A. It is doing very very cheap work.

Q. I was not asking you that. I suggest to you that it would be proper, as an officer of your department, to answer the questions which I ask. I am asking you if the hydraulic dredge is not a very expensive piece of machinery?—A. It is.

Q. And the cost of the hydraulic dredge alone would move a lot of material by means of a dragline, would it not?—A. It would.

Q. Now, do you consider a velocity of  $2\frac{1}{4}$  feet per second a low velocity in a navigation canal?—A. I have simply accepted the opinion of the navigation officers with respect to that.

Q. You see again that is not at all what I was asking you. I was asking you if you considered a velocity of  $2\frac{1}{4}$  feet per second a low velocity in a navigation canal?—A. I do.

Q. You do. I suggest to you that it is higher than any velocity on any canal on the inland waterways of Canada from Lake Superior to the Soulanges section of the St. Lawrence river.—A. I do not know, sir.

Q. Then do you think your opinion ought to be considered?—A. Well, sir, that is exactly what I was trying to say, that I am not a navigation man.

Q. Because it seemed that you, in answer to Mr. Forsythe, were quite willing to say that as a matter of power economics, the one canal was preferable to two in a low velocity canal, and I suggest to you that this is not a low velocity canal if it is to be used for navigation purposes. What do you say about that?

Mr. FORSYTHE: I do not want to interfere with my learned friend's examination of the witness, but I certainly never suggested the low velocity of the canal as having anything to do with the two and a quarter second feet.

Mr. WHITE: I am not suggesting that now, if my learned friend would have listened carefully to what I said. What I am asking the witness is if he did not say to my learned friend that he considered that the free canal idea was not necessary in a low velocity canal.

Mr. FORSYTHE: No, it never was mentioned. The only question of low velocity that I raised with the witness came from Exhibit 37, Mr. McLachlan's preliminary report.

Mr. WHITE: I did not think so.

Mr. FORSYTHE: Well, I know it.

Hon. Mr. MACKENZIE: The record speaks for itself.

*By Mr. White:*

Q I suggest to you that you did say to my learned friend that you did not consider Mr. McLachlan's recommendation necessary in a low velocity canal—I have taken down your exact words, and I am asking you again why you cannot tell me whether you consider this a low velocity canal when you told my learned friend or implied that you did consider it a low velocity canal?—A. I do not recollect that I was referring to velocity at all, when I made the answer before, sir.

Q. Unfortunately, we cannot turn it up for the moment and we will just have to leave it there. Then do you know, as a matter of fact, that the velocity in this canal is much greater than in the Welland?—A. Not as a matter of fact, sir. I know nothing of the Welland.

Q. You do not know anything of that. Then do you know what the velocity of the channel in the St. Clair river is?—A. No, sir, not of my own knowledge.

Q. Or in the Sault canal?—A. No, sir.

Q. So we may take it then that so far as the velocity is concerned you are not pretending to speak at all?—A. No, sir.

The CHAIRMAN: Where is the Cedars Rapids development, on that plan, Mr. Griffiths?

(Development pointed out on the large plan).

The CHAIRMAN: What is the expenditure in that?

Mr. FORSYTHE: On the plan I think it shows something over \$30,000,000.

Hon. Mr. MACKENZIE: How much horse-power?

Mr. WHITE: Some 200,000.

The CHAIRMAN: Then, Mr. Forsythe, you may answer my question if you care to do so. If the Beauharnois ultimately achieved what appears to be their objective on the river, that will close out the Cedars Rapids plant.

Mr. FORSYTHE: If they take the whole flow.

Mr. MONTGOMERY: The application, if you look at it, Mr. Chairman, was for the flow less what was required for the other development.

Mr. FORSYTHE: If they take the whole of the flow, of course the Cedars Rapids would not work; but if you take a plant with the existing flow that they have—

The CHAIRMAN: The question I am asking Mr. Forsythe is, in rapidly surveying the arguments of yourself and Mr. Montgomery before the committee, I see you are bearing very heavily on the ice trouble if this goes through.

Mr. FORSYTHE: I was, sir.

The CHAIRMAN: I was wondering whether you were doing that from a purely lawyer's standpoint. Would you like me to read it?

Mr. FORSYTHE: I was reading it over the other day, and I was quite well pleased with it.

The CHAIRMAN: I recognize your ability.

Mr. FORSYTHE: It is not a question of ability but a question of hide, I think. At that time the ice problem in the Cedars Rapids had been a very serious one, and I still think it was.

Mr. WHITE: Was it ice or frazile, or anchor ice?

Mr. FORSYTHE: It was frazile ice, sir.

Mr. WHITE: That is anchor ice.

Mr. FORSYTHE: The point was that if they diverted the water from the river, the Cedars Rapids people would have more ice there.

The CHAIRMAN: I have just been reading your argument.

Mr. FORSYTHE: I think, Mr. Chairman, that in the committee of departmental engineers they agreed that the ice difficulties would be increased in the Cedars Rapids by reason of the diversion which they were recommending, but they said that that was a matter for the Province of Quebec to deal with, because the rights were largely derived from the Province of Quebec. I think that is in the report.

Mr. WHITE: Mr. Chairman, if that is the question in your mind as to the diverting of the whole of the St. Lawrence River less the present power requirements in the Soulanges Canal, it may be a matter of great difficulty to say how much can be extracted from the river, or diverted, without injuring those plants; because, having regard to the variableness of our seasons and the differences between the volume of water in high water or at low water, or at different seasons of the year, it may be very difficult to say that enough water will be left to go down to run that Cedars Rapids plant. That is going to be some task for some engineer.

The CHAIRMAN: I do not want to prejudge any matter which may come before us, but it does seem to me that there has been a degree of reluctance in acknowledging that the banks of this canal were placed where they are placed with the intention that ultimately the flow of the river will be taken, or all that could be taken; and this idea of suggesting other reasons why the banks were so far apart does not impress me at all.

Mr. WHITE: That is all from Mr. Johnston.

Witness retires.

Mr. WHITE: I have received a request from my learned friends as to whether or not I was going to call Mr. Coutlee. So far as I am concerned, I have nothing to ask Mr. Coutlee. If the committee think that they would like to hear what he has to say, I shall be very glad to put him in the box, and my learned friends, if you think they should ask him anything, or if they think they should ask him anything, I shall be glad.

Hon. Mr. MACKENZIE: I should like some information as to the entrance of the canal.



Mr. WHITE: I do not know whether Mr. Coutlee could speak to that or not. If my learned friends desire to ask him anything, he is here.

Mr. STEWART: What is his qualification?

Mr. WHITE: Mr. Coutlee is one of the oldest engineers, I understand, in the employ of the Public Works Department, and I understand he has given special attention to the subject of hydraulics.

Mr. MONTGOMERY: And he is one mentioned in this report.

Mr. WHITE: There are a lot of memoranda in the documents signed by Mr. Coutlee, and to some extent at least he has been relied upon.

The CHAIRMAN: The committee thinks that unless he has some knowledge or special information that he can give the committee, they do not wish to call him.

Mr. FORSYTHE: In the first place, on going through the departmental file I notice Mr. Coutlee was present at many of the conferences, and many of the memoranda were signed by him; and Mr. Cameron the other day referred matters to Mr. Coutlee and said that Mr. Coutlee was better able to discuss it.

C. R. COUTLEE sworn, examined by Mr. White.

Q. Mr. Coutlee, you are an engineer in the Department of Public Works?

A. Yes, sir.

Q. And you have been engaged with that Department for how many years?

—A. Twenty-seven years.

Q. Previously to that, where were you employed?—A. With the Railways and Canals Department.

Q. I think you will have to speak a little more loudly, because the members of the committee desire to hear you.—A. Previous to that I was with the Railways and Canals Department, and with the Canadian Pacific Railway.

Q. How long were you with the Department of Railways and Canals?—A. About twelve years.

Q. So that your experience as a Government engineer runs over a period of thirty-nine years, twelve and twenty-seven?—A. Yes, somewhere like that.

Q. And before that you were with the Canadian Pacific Railway Company?—A. Yes.

Q. Now, have you given special attention to navigable rivers?—A. Yes, sir.

Q. And studied currents and the effect of them upon navigation?—A. Yes, sir.

Q. You are familiar, of course, with the Beauharnois project?—A. Yes, sir.

Q. And know the place in which the present canal is being dug?—A. Yes, sir.

Q. Will you look at the first plan in Exhibit 18, which indicates a prolongation of the 600 foot channel into Lake St. Francis, for a distance of something over 2,000 feet,—2,200 feet, probably. Having regard to that, would you tell us, in the first place, at the point 2,000 feet out from the shore where the entrance from Lake St. Francis into the canal is to be located, whether to your knowledge there is any current there?—A. No, sir.

Q. Do you mean you cannot tell us?—A. I do not think there is any current there.

Q. No current?—A. I could not say no current. I cannot say no current, but the current is very slight.

Q. What would you call a slight current?—A. Half a mile an hour.

Q. Would the current be greater nearer the shore?—A. No, sir, I do not think so.

Q. How far is that from the head of the rapids, that is, where the current starts?—A. Oh, two or three miles.

Q. And you said the current would be about half a mile an hour?—A. Yes.

Q. About how many feet would that be a second?—A. It would be 0·7 feet a second.

Q. Seven-tenths of a foot a second, I see. So that the current which is contemplated for this canal, of 2·25 feet a second, is in your view greater than the cross-current at the point where the Lake St. Francis enters the canal?—A. Yes, sir.

Q. At what point would that current into the canal develop, seeing that the channel is 27 feet deep and 600 feet in width for a distance of 2,200 feet from the Hungry Bay Dyke,—you know where that is?—A. Yes.

Q. At what point would the 2·25 feet velocity develop?—A. Oh, I suppose it would develop between the first mile out from shore—

Q. If you are only going out 2,200 feet, you have not got the water confined in any channel?—A. The mile would be out beyond there.

Q. A mile would be 5,280 feet, and that would be 3,000 feet beyond the end of the channel, that is the extended channel, if you know what I mean?—A. Yes, I understand.

Q. I want to know at what point the 2·25 feet per second velocity would develop, that is coming down from Lake St. Francis towards the entrance of this canal. When would a boat strike a velocity of 2·25 per second?—A. Well, you would have to know—if a breakwater was built to enter the canal—

Q. Say no breakwater was built but simply a channel were dug to a depth of 27 feet?—A. I do not know, but within the first mile. I would say within the first mile you would begin to feel the current; but there necessarily would be some sort of a breakwater built out there.

Q. I cannot understand how you could get a current of 2·25 feet velocity per second, when it only has that velocity when it enters the canal?—A. It would be very difficult to answer those questions, you see, before you have the full thing arranged for. The 2·25 feet velocity—

Q. May I put it this way, that it depends a great deal upon what work is done West of the dyke?—A. Yes, sir.

Q. And that has not been determined as yet?—A. That has not been determined.

Q. So that as to whether there might or might not be a cross-current there, will depend to a large extent upon what works are put there?—A. Upon what works are there.

*Cross-examined by Mr. Forsythe*

Q. Mr. Coutlee, in connection with the question of currents at the intake of the proposed canal, if you will look at this picture you will see certain works in red. Those are proposed control works at the head of the Coteau Rapids. Would the position of those control works, if they are placed there, in your opinion affect the so-called cross-current?—A. Well, I suppose they would affect it to a certain extent. It would be rather difficult to say. They would affect it to some extent; but the current would be small in any event.

Q. And there is no doubt about this, that 40,000 second feet, or 53,000 second feet passing down the proposed canal must create, as my learned friend, Mr. White, has suggested, a current itself?—A. Yes, sir.

Q. And the effect of that current must, I assume—because water must be drawn from somewhere—be felt for some distance out in the lake.—A. Yes, sir.

Q. Now, in your opinion, would the cross-current such as there is tending towards the head of the Coteau Rapids constitute a danger to navigation entering this proposed canal?—A. That is with a breakwater?

Q. With such works?—A. Such arrangements as naturally would be built. no sir, I do not consider it.

The CHAIRMAN: That is not very complete.

Mr. FORSYTHE: No, I agree that it is not.

*By Mr. Forsythe:*

Q. Mr. Coutlee, are you familiar with the actual conditions existing in other canals?—A. Yes, sir.

Q. Take the St. Clair River, for instance, and what is the situation there?—A. Well, at Fort Gratiot, it is so big that I hate to tell you.

Q. Try to shock me?—A. At the entry to the St. Clair River at Fort Gratiot Michigan, the current is about six miles an hour,—five miles an hour, say.

Mr. WHITE: There is no question of any cross-current there.

The WITNESS: And down a little further, opposite Port Huron, it is four miles an hour.

*By Mr. Forsythe:*

Q. Is there any question of cross-currents there?—A. To a certain extent, the rip sets diagonally across the channel there.

The CHAIRMAN: What is this evidence leading to, Mr. Forsythe?

Mr. FORSYTHE: I understood from Mr. McLachlan's evidence the other day that he thought or he expressed the opinion that vessels entering this canal, by reason of the fact that the entrance had been swung farther north, would be seriously affected by the trend of the cross-current towards Coteau Rapids.

Mr. WHITE: Mr. Coutlee has covered the whole situation when he says that if there are proper breakwaters put out there it will not be dangerous whether there are currents or not.

Mr. FORSYTHE: That may be so.

Mr. WHITE: It seems to me that my learned friends are asking for more remedial works.

*By Mr. Forsythe:*

Q. What I am endeavouring to ascertain is having regard to cross-currents which you know to exist and the current which will undoubtedly develop through the development of the canal and the use of water through the canal, whether you think the entrance as it now exists is a safe and proper one from the lake?—A. Yes, sir.

*By the Chairman:*

Q. Without any remedial works in the lake?—A. Oh, I would have remedial works in the lake; but they have not been gone into as yet. It nearly always requires a breakwater of some kind or sort.

Q. And the kind and character of remedial works, I take it from what you say, will only be determined as the work progresses and experience teaches you?—A. Yes, sir.

*By Mr. Gardiner:*

Q. Have you any idea of the current directly opposite the opening into the canal at the present time?—A. In Lake St. Francis, about half a mile an hour.

Q. Has it ever been measured?—A. I could not say, sir, if it has been actually measured.

Q. You are not absolutely sure as to the absolute velocity at the present time?—A. No, sir, I am not absolutely sure.



*By the Chairman:*

Q. Perhaps you can tell me this, Mr. Coutlee. To draw 40,000 or 53,000 cubic second feet off Lake St. Francis at the velocity that has been suggested, how wide would the canal through the dyke have to be? Leaving navigation out of it entirely, how wide would the canal have to be?—A. Twenty-seven feet deep.

Sir EUGENE Fiset: They all use the same formula.

The WITNESS: It would have to be about 1,000 feet wide, sir. Dividing by 2.25 would give you about 26,000 square feet required.

*By the Chairman:*

Q. How wide are the sluiceways at the St. Louis end?—A. I cannot give you the exact width, sir, but they are working at a much greater head. This is coming in at 2.25 feet second. Going at 2.25 feet a second, we would have to have something like about 1,000 feet. Could I put it down in the notes in this way, sir, that 53,000 divided by 2.25, and that divided by 27 would give you the size of the stream.

The CHAIRMAN: It would if I worked that out.

The WITNESS: About 1,000 feet, sir.

*By Mr. White:*

Q. Do you mean 1,000 feet at the water line?—A. 1,000 square feet.

*By the Chairman:*

Q. I wanted the width?—A. The square feet would be 27,000 square feet, which would be 1,000 wide by 27 feet deep.

Q. To take 53,000 cubic feet per second throughout?—A. Yes, sir, at that velocity, approximately.

Q. And is that the opening which would have to be made in the dyke?—A. About that size, sir.

Hon. Mr. MACKENZIE: I make it 880 feet.

*By Mr. Forsythe:*

Q. Might I ask, Mr. Coutlee, one question about the entrance to the canal? Did you make any investigation or have any made in regard to the entrance to the canal which was originally projected on the plans filed and the entrance now shown on the plan on which work is now being done? Did you make any investigation in reference to the work being done, as to the access from outside?—A. Taking the current?

Q. Yes.—A. Yes, I placed that on the chart to see if it would land out properly into the regular navigation route.

Q. Now, as between the entrance to the canal as it now is and the entrance farther south, which the original plan contemplated, is there any difference in the lake depth of water at low water?—A. Not very much. It is a little better the way it is than it was in the former position.

Q. Mr. Coutlee, have you been down to these works since the work started?—A. Yes, sir, several times.

Q. For what purpose?—A. Inspecting for the Department.

*By the Chairman:*

Q. You are not concerned with the ice conditions which may result from this wide stretch of water?—A. No, sir, I leave that to the Province of Quebec, which has the water-power.

Mr. WHITE: And you have to leave it to the Montreal Harbour, too.

*By the Chairman:*

Q. The Cedars Rapids people were concerned about the ice there?—A. They have been fighting it for thirty years.

The CHAIRMAN: They are concerned with this condition.

*By Mr. White:*

Q. Is it ice or frazile?—A. The trouble is that the thin ice occasionally takes—

The CHAIRMAN: They are all on thin ice now.

The WITNESS: Thin ice occasionally takes and the next day a wind storm comes up and the ice is broken up and it gradually drifts down with the current. That has happened on Aylmer Lake above Ottawa, and that thin ice coming down will choke the wheels.

*By Mr. White:*

Q. That is not properly called frazile?—A. No, frazile is slush ice, but this is thin ice about the thickness of window panes, and they come down and turn sideways and they chose the racks.

Q. The trash racks?—A. The trash racks.

*By Sir Eugene Fiset:*

Q. Frazile is slush ice?—A. Yes, sir.

The CHAIRMAN: There is no slush about this, surely.

*By Mr. White:*

Q. Wherever you get rapids above a plant, you are likely to get frazile?—A. Yes, sir, it makes it just like chopped straw coming down.

*By Mr. Montgomery:*

Q. The trouble about the Cedars Rapid is that they have the rapids above it?—A. Yes.

Q. And frazile forms and comes down?—A. Yes.

Mr. WHITE: He speaks also of the other.

*By Mr. Montgomery:*

Q. I do not know whether you are familiar with the Cedars plant. It was thought that frazile ice which formed there, the water being diverted to this new channel, there would be a smaller quantity to take care of, of the frazile ice, and they would get more of it according to their water?—A. That there was not so much dilutive.

Mr. MONTGOMERY: It might be as well to clear up that Cedars Rapid situation.

Mr. FORSYTHE: I have exchanged some jocular remarks with the Chairman. I have appeared before the committee opposing this application, and I put forward the grounds which, as counsel for the company, I was instructed to put forward; and I believe in them to the extent that any lawyer believes in the case which he is making for his client. The tribunal before whom I was appearing found against me. Subsequently the people for whom I was acting have formed an alliance or have made an agreement with the people who are making this application, and they are co-operating in order to get the best power results from this river; and Mr. Montgomery has asked me to assist him in the case here.

The CHAIRMAN: I am not saying that you have not at all times adopted the attitude which you should have taken for your client. Mr. Montgomery

did also. I think at one time he urged the opposite with a great deal of vigour and skill. But it is difficult sometimes for newcomers, such as the members of the committee are, to read those arguments then advanced and hear the arguments which are advanced today and reconcile the two positions.

Mr. FORSYTHE: That is the reason why I thought I should make the statement, so as to relieve myself. And secondly, I believe the terms of reference do not necessarily involve the question of whether there is more or less ice forming at Cedars Rapid because of this.

Mr. COUTLEE: Shall I tell you something about ice?

The CHAIRMAN: Oh, no.

*By Mr. Stewart:*

Q. About how far would the company have to dredge out into Lake St. Francis to get the 27 foot depth?—A. About half a mile, sir.

Q. I had a different opinion. I heard that they were going out 2,000 feet. - 8,000 feet? A. But there is only about half a mile which will have to be dredged.

Mr. STEWART: We were told that they were going out into the lake about 8,000 feet. Mr. Mackenzie has the same idea that I have.

Mr. MONTGOMERY: I had the impression that the 8,000 feet was the length of the dyke.

The CHAIRMAN: No, it was 8,000 feet out into the lake.

*By Mr. Stewart:*

Q. If they go 8,000 feet out into the lake, would they have more currents than at 2,000 feet out?—A. I should not think so, sir.

Q. Would they be closer to the rapids, with the remedial works?—A. No, sir, I do not think it would make any difference.

Q. It is over a mile difference, and you say it is another mile beyond that before you feel the effect of that 2.25 feet per second drawn into the canal?—A. No, sir, from the first mile from the shore out. I think they would begin to feel the effects of the current.

Q. But you would not feel it 8,000 feet out?—A. No, I do not think so, sir.

Mr. WHITE: I can call Mr. Henry now, or I can complete the putting in of a lot of documents which I have here to be marked as exhibits.

The CHAIRMAN: Very well.

Mr. WHITE: These, I might say, have been handed to me by my learned friends as copies of documents which I will probably require.

The CHAIRMAN: The first will be Exhibit 39.

Mr. WHITE: There is a special order in which they go, according to the list which was handed to me; but I have not numbered them and I have taken them out of their order.

Mr. MONTGOMERY: Mr. Christie knows about them.

Mr. WHITE: The first thing, I think we have not the actual application, Mr. Chairman, and I put in a copy of it. The application of January 17th, 1928, to His Excellency, from the Beauharnois Light, Heat and Power Company. Attached to that is a memorandum from the Deputy Minister of the Department of Public Works to the Deputy Minister of the Department of Justice, of December 17, 1927. I will just put them in as one exhibit, Exhibit 39.

I put in as the next exhibit the approval of the Quebec Public Service Commission, a translation of the order in council, with the plans and documents referred to, as Exhibit 40.

Mr. STEWART: You did not give the date of that approval.



Mr. WHITE: The 17th September, 1929 is the approval of the Public Service Commission. The Order in Council is dated October 11, 1929. That, Mr. Christie informs me, is under the Quebec Water Courses Act.

The CHAIRMAN: The Order in Council.

Mr. WHITE: Then, Mr. Chairman, there is a certified copy of the Quebec lease which I think might go in, simply for the sake of convenience, so we won't have to search for it in the files.

The CHAIRMAN: Exhibit No. 41.

Certified copy of lease filed and marked Exhibit No. 41.

Sir EUGENE Fiset: Is that from the Beauharnois people?

Mr. WHITE: From the Beauharnois people; and I am assuming that they are correct copies; they assure me they are correct copies, and I am willing to accept them as such subject to the permission of the committee. They are translations. It is dated June 23, 1928.

Hon. Mr. CANNON: I understood a few days ago it was arranged that any documents which would be required from the province of Quebec, counsel for the committee would give me a list and I would communicate with the government of Quebec and I would have them produced. I have no particular objection to the document being introduced, but I think it would be safer to follow the rule.

The CHAIRMAN: I think it is desirable Mr. Cannon, and I suggest that we should accept these copies. In the meantime, counsel for the committee will give you a list and you can communicate with your clients and we can substitute the originals, or at least, have certified copies made for your clients.

Hon. Mr. CANNON: It is perfectly agreeable to me.

Mr. MONTGOMERY: What is No. 41?

The CHAIRMAN: Quebec lease.

Mr. WHITE: Here is a translation of a report of a meeting of the executive counsel of Quebec, dated April 25, 1928, authorizing the lease. (*Exhibit No. 42.*) I should like to put in as a separate exhibit (*Exhibit No. 43*), copy of memorandum of agreement dated 25th June, 1929, between the Beauharnois Light, Heat and Power Company and His Majesty, represented by the Hon. Minister of Public Works for Canada. Here is the agreement in respect to carrying out the Order in Council.

The CHAIRMAN: What is the date?

Mr. WHITE: June 25, 1929. It will be more convenient to refer to it as a separate exhibit. The agreement implementing the Order in Council, Mr. Montgomery. (*Exhibit No. 43.*)

Mr. MONTGOMERY: Yes.

Mr. WHITE: It is a question, Mr. Chairman, which might be debatable as to whether it should be filed as an exhibit the lease of the 7th May, 1897, from the province of Quebec to the Montreal Cotton Company, as it involves the question of the 13,000—

The CHAIRMAN: One of the leases that was ultimately assigned to the Beauharnois company?

Mr. WHITE: Yes.

The CHAIRMAN: It is already in, I think.

Mr. WHITE: This particular lease is not.

Sir EUGENE Fiset: The lease you have is a factory lease; it is a provincial lease.

Hon. Mr. CANNON: I do not see the urgency of my friend putting these documents before the committee this afternoon.

Mr. WHITE: There is not any. I am just doing it because I thought it was a convenient time.

The CHAIRMAN: What is the date?

Hon. Mr. CANNON: I have not been asked for any papers or anything of that kind. There is a principle at stake of some importance where documents like this and reports from executive committees of the province of Quebec are produced.

Mr. WHITE: It is a public document.

Hon. Mr. CANNON: A public document of the province of Quebec must be produced by an official.

Mr. WHITE: Anybody could go down and copy it, and bring a copy here.

Hon. Mr. CANNON: My friend must not forget that this government is a federal government, and in dealing with another government must follow the regular procedure as between governments.

Mr. WHITE: If it were between governments, yes.

Hon. Mr. CANNON: If documents must be produced, the government of the province of Quebec is perfectly willing to supply the documents.

Mr. WHITE: Well then, we will give them the opportunity.

Hon. Mr. CANNON: With the intimation that I have stated, I have been at my friend's disposal, and I have not been asked for any document. If my friend wishes any document I think he ought to follow the procedure which has been indicated by the chairman of the committee.

Mr. WHITE: If there is the least possible objection I am willing to put the burden on my friend.

The CHAIRMAN: Mr. Cannon.

Hon. Mr. CANNON: Yes?

The CHAIRMAN: Was not my suggestion a few moments ago a good one, and one which is acceptable? In the meantime, let us take these copies, and after the adjournment this afternoon I am sure Mr. White will be glad to give you a list of these documents of which we are presently using copies, so that you can then get from your clients certified originals which we will substitute later. I am rather of the opinion that these copies should go in at the present time. I agree with you that the better method would be to have them come from your clients. In order to save time of the committee I am suggesting that this course be followed, and Mr. White can give you a list of whatever is necessary, and you can communicate with your clients and we will substitute the certified copies.

Hon. Mr. CANNON: The one objection I see, Mr. Chairman, to that, is this: these exhibits are actually being filed. Suppose I am instructed by my clients to raise, for some reason or other, the question of jurisdiction. The exhibits are now being put before the committee—

The CHAIRMAN: Yes. If you are instructed to raise a question of jurisdiction, the exhibits would have of necessity to be placed before the committee before you could develop your argument.

Hon. Mr. CANNON: Yes. What would be the use of my raising the question of jurisdiction if my exhibits are already before the committee?

The CHAIRMAN: It would not imperil your position at all, Mr. Cannon, would it? If your objection as to jurisdiction is sound, you would have to have those documents before the committee to argue.

Hon. Mr. CANNON: Any question of jurisdiction which would be raised would be that this committee could not force the government of the province of Quebec to produce these papers, and that therefore the committee should not be cognizant of them

The CHAIRMAN: We should then have to take the best evidence we could get, which would be—or at least, the next best evidence—which would be these copies. Are you serious in suggesting that the province of Quebec would take any attitude that would likely hamper the investigation?

Hon. Mr. CANNON: On the contrary. The best way of co-operating is to co-operate along the lines indicated by you, Mr. Chairman.

The CHAIRMAN: My suggestion is that we take copies now, and Mr. White can give you the list of them, and if you will be good enough to communicate with your clients, we can get certified copies which would be admissible in any court. I think that is the better suggestion, Mr. Cannon.

Mr. WHITE: A copy of lease of May 7, 1897, from the province of Quebec to the Montreal Cotton Company, of the lost channel, St. Lawrence river below federal government dam at Valleyfield.

Mr. MONTGOMERY: You had better have them point out where the lost channel is.

Mr. WHITE: I do not like to ask any questions about those things until the matter is determined. This will be Exhibit 44. Exhibit 19, Mr. Chairman, is the letter of July 29, 1929, and there was a file with that.

The CHAIRMAN: A letter from Mr. Sweezy to Mr. Elliott?

Mr. WHITE: No,—yes, you are right. It refers to certain plans.

The CHAIRMAN: Shall we add these to No. 19 or put them in as a separate exhibit?

Mr. WHITE: I think we had better make them 19A, 19B, and 19C.

The CHAIRMAN: What are they, generally?

Mr. WHITE: Plans of land affected, plans and specifications of proposed diversion of St. Louis river, and plans and descriptions of lands to be conveyed by the company to the Dominion government.

The CHAIRMAN: Has the Dominion government agreed to transfer certain lands to the company?

Mr. WHITE: The Beauharnois company, has, yes.

The CHAIRMAN: I thought you said the Dominion government agreed to transfer lands to the Beauharnois company.

Mr. WHITE: No, it is the other way around. It was made by the company to the Dominion government. Then, I should like to attach to that a bound volume, containing a report on the proposed hydro power development on the St. Lawrence river between Hungry Bay on Lake St. Francis and Melocheville on Lake St. Louis made by Frederic B. Brown, and also a separate memorandum regarding ultimate possibilities of proposed hydro electric development on the St. Lawrence river between Lake St. Francis and Lake St. Louis dated January 16, 1928, by Mr. Brown, part of Exhibit 39.

Mr. MACKENZIE: 39A and 39B.

Mr. WHITE: And as a further matter of convenience, and for easy reference so we will not have to be turning up the file all the time, I should like to put in document 85 of the Beauharnois company.

The CHAIRMAN: Exhibit 45.

(Document filed and marked Exhibit 45.)

Mr. WHITE: A compilation of plans of works and description of plans of the site annexed to and approved by the Dominion order in council P.C. 422, a compilation of all plans. And as supplementary to that, also a study of remedial and control works dated January 2, 1928 by Mr. Brown, Mr. Hogg and Mr. W. S. Lee.

Mr. CHAIRMAN: Exhibit 46.



Documents filed and marked Exhibit 46.

Mr. WHITE: Then, Exhibit 47, document No. 8, of the Beauharnois Light, Heat and Power Company, being a supplement to the last exhibit.

Mr. CHAIRMAN: Exhibit 47.

(Documents filed and marked Exhibit 47.)

Mr. CHAIRMAN: It is dated the same day.

Mr. WHITE: Also for convenience a document dated the 24th July, 1928, being a description of the plan mentioned in the application of July, 1928, for the purchase of the portion of the Hungry Bay dyke.

The CHAIRMAN: Is that a new one?

Mr. WHITE: Yes.

Documents filed and marked Exhibit 48.

I think perhaps, Mr. Chairman, for the convenience of the committee it would be better to have in a separate document, the minutes of a public hearing before the Minister of Public Works; if it meets with the views of the committee, I shall put it in.

The CHAIRMAN: What is the date?

Mr. WHITE: January 15, 1929.

The CHAIRMAN: Where the protestants were heard?

Mr. WHITE: Where particularly Mr. Geoffrion dictated the memorandum which limits the application to 40,000 c.f.s.

Document filed and marked Exhibit 49.

I understand the report of the committee of engineers has been distributed and in the hands of the members of the committee, so it will not be necessary to file it. It is not filed, is it?

The CHAIRMAN: A departmental committee, is it?

Mr. WHITE: Yes.

The CHAIRMAN: I think it is.

Mr. WHITE: It is in the file, but I do not think it was filed separately. Perhaps for the sake of accuracy, it might be well to file a separate exhibit, and we will be able to refer to it separately. (Exhibit No. 50.)

The CHAIRMAN: The report of the committee of engineers?

Mr. WHITE: Yes. There were three Orders in Council, and you are probably referring to the agreements with reference to the Montreal Cotton Company.

The CHAIRMAN: 2201, 2202, and 2203?

Mr. WHITE: Yes. Now, the agreement implementing these Orders in Council are documents in connection with which I propose to put in as one exhibit. Copies have been furnished me by the company, which I take to be exact copies.

The CHAIRMAN: Can we put these in as 9A, so they will follow immediately the three Orders in Council? Nine is 2203, seven is 2201, and eight is 2202.

Mr. WHITE: I am sure I cannot at the moment identify them.

The CHAIRMAN: I can give you the date.

Mr. WHITE: They are all the same date, November 6, 1929.

The CHAIRMAN: 2201 deals with 2,500 h.p., then 2202 is 10,000.

Mr. WHITE: Horse-power again is not mentioned in this lease.

The CHAIRMAN: That is the information I took down the other day.

Mr. WHITE: I have one here, 8,333 horse-power. I think we will take a chance and put them in the same numerical order as the Orders in Council. The lease No. 27877 will be exhibit 7A; lease No. 27878 8A, and lease No. 27879 will be 9A.

Mr. MACKENZIE: They are all dated the same day?

Mr. WHITE: Yes. I think we have already marked the Act of incorporation. The CHAIRMAN: I do not think so.

Mr. WHITE: Yes, I think so, Exhibit No. 20.

Mr. WHITE: We are now ready to proceed with the examination of Mr. Henry.

The CHAIRMAN: I think we should postpone hearing Mr. Henry's evidence until all our members are present.

Mr. WHITE: Very well. We can hear Mr. Henry on Tuesday. Colonel Thompson is here, and probably we could go on with him.

Colonel THOMPSON: I am sorry, but I haven't my papers here with me. I could send for a copy of my file and leave that with you to-night.

Mr. WHITE: Please do that.

Colonel THOMPSON: Do you want the original file?

Mr. WHITE: No, a copy will do now. We will need the original when we take your evidence.

I want to put in some extracts from three documents. The first is a document entitled "Down the Canal," and it is dated January 31, 1931.

(Document entitled "Down the Canal" filed marked Exhibit 51.)

It is put out by the Beauharnois Power Corporation Limited, University Tower. Page 2 contains a picture of the canal very much in the form of the plan which was supplied to us the other day, and this is what it says. It contains, first of all, a short picture of the whole of the river from Lake Ontario to Montreal.

The CHAIRMAN: If I might interject, what was the purpose of the issuing of the pamphlet? Was it to acquaint shareholders with the progress of the work, or not?

Mr. WHITE: A pictorial presentation of the Beauharnois power and navigation development: "Here is portrayed the fashion in which the construction work on the Beauharnois power undertaking is being carried out. It is intended to provide the layman with a bird's-eye picture of the construction operations, and omits those minutiae which are of interest only from a technical standpoint. The pictures in the booklet take the reader from the entrance of the canal, near Valleyfield, down the route of the new watercourse to the power house construction at Beauharnois."

The CHAIRMAN: Purely an educational pamphlet for the people—for the troops.

Mr. MONTGOMERY: The publicity department.

Mr. WHITE: The map shows the relationship of the new canal to the St. Lawrence River.

Mr. MONTGOMERY: Is that one of the booklets handed to us on the train the other day?

Mr. WHITE: Yes.

The map shows the relationship of the new canal to the St. Lawrence, as a whole, to the surrounding district, and to other power producers on the river.

Taking water from the old Beauharnois Canal is the Canadian Light and Power plant. Operating in the bed of the river is the Cedars Rapid Manufacturing and Power Company. The plant of the Provincial Light and Power Company takes water from the Soulanges Canal. These four plants produce some 260,000 h.p. If the water used there were to be passed through the new Beauharnois Canal over a full head of 83 feet available at Beauharnois, it would produce some 700,000 h.p. . . . .

those are matters which I intend to ask Mr. Henry about when he is in the box. . . . the unallocated balance of the water in the river, if used by Beauharnois, would permit a further installation of 1,000,000 h.p. in the plant. Both the canal and the power house have been designed to permit such further low cost expansion.

The CHAIRMAN: When Mr. Cameron was giving his evidence, he was reluctant to admit that, was he not, if I recall clearly?

Mr. WHITE: There has been, I should say, Mr. Chairman, a fairly evident desire on the part of the Public Works Department to emphasize the fact that Order in Council 422 was confined to the diversion of 40,000 cubic second feet.

Hon. Mr. MACKENZIE: That is a matter for argument entirely.

Mr. WHITE: Quite so. I have no doubt that the Order in Council does so limit. This is another matter. Now that the question has been raised—

The CHAIRMAN: I will not pursue it.

Mr. WHITE: I will read from paragraph 3 of page 4:

The banks have been placed nearly three-fifths of a mile apart so that the canal could, if necessary, handle the whole flow of the St. Lawrence and produce 2,000,000 h.p. at Beauharnois. Both the canal and the power house have been designed to permit such further expansion.

Page 6:

The favourable contours of the territory and the type of material encountered have thus combined to make possible the development of this, the largest single power site in the world.

You will remember the other day that I ventured to assert that the old feeder canal was the basis of the original system here.

The CHAIRMAN: I think you called it the thin end of the wedge.

Mr. WHITE: And brought down on my poor learned friend's head a storm of protest. I would like, in justification of what was said, to read from page 12 of this document. The item is entitled "The Original Diversion Rights," and there is a very attractive old cut at the head of the page showing the mill and the old site of Beauharnois:

About 1800 the Seigneur of Beauharnois erected a grist mill on Lake St. Louis at the mouth of the St. Louis River. To provide a more even flow in the stream at all season, he built a small feeder canal from Lake St. Francis to the nearby headwaters of the St. Louis. So for the first time water was diverted around the entire Soulanges section of the St. Lawrence. These fundamental diversion rights are still in existence, and are now held by the Beauharnois Power Corporation. The old print of Beauharnois, sketched about 75 years ago, shows the old mill and the waterfall which provided the headrace for its operation. Below is a view of the small, still existent feeder canal, the basis of these ancient rights from which grew the present gigantic conception.

Sir EUGÈNE Fiset: It is worse than the Canadian National.

Mr. WHITE: Giant oaks from little acorns grow.

Hon. Mr. MACKENZIE: Little drops of water, little grains of sand.

*By Mr. White:*

The next document I wish to produce is entitled "Physical Facts and Financial Figures." (Exhibit No. 52):—

Here are presented as succinctly as possible the important physical and financial features of the Beauharnois power and navigation under-



taking. It is not a highly accurate technical picture of the development, but gives in round figures unencumbered by statistical data, the chief aspects of the project. The financial particulars of the corporation shown in the last section, are complete.

The CHAIRMAN: What is the date of that?

Mr. WHITE: December 8, 1930, by the Beauharnois Power Corporation Limited.

On page 4 there is this significant statement:

out of these ancient diversion rights grew the present gigantic conception.

On page 5:

The Beauharnois Power Corporation is a holding company owning all the shares of its subsidiaries. The assets of the parent corporation consist of the shares of its subsidiaries; its rights, real estate, construction work and other assets are all held by these wholly-owned subsidiaries. For accounting purposes, for greater efficiency in each department, and to facilitate ultimate future expansion, the parent organization has thus segregated in a separate corporate body each field of its activities.

Subsidiary Companies.

Beauharnois Light, Heat and Power Company is the operating organization . . .

The CHAIRMAN: That is the old company?

Mr. WHITE: The old company, the shares of which were purchased from the Roberts.

The CHAIRMAN: I suppose the shares were first purchased by the syndicate?

Mr. WHITE: I am unable to say.

Power contracts are made through this subsidiary which owns all rights, titles, water leases and land necessary for the canal and power development. The Beauharnois Construction Company is engaged in carrying out the construction work involved in the project. The cost of the equipment used will be amortized during the period of construction. On the completion of the 500,000 horse-power installation, the equipment will be disposed of, save for the items required for further construction.

The Beauharnois Land Company owns all the land not required for the canal and power house. Some of its real estate holdings will be sold for industrial purposes.

The Beauharnois Transmission Company will own and operate the transmission lines and will act as the distributing department of the corporation.

The Beauharnois Railway Company, it is expected, will serve industries located in the region of the canal. It will be used for industrial purposes and will utilize as far as possible the lines of the existing construction railway.

As these and the other subsidiaries are wholly-owned by the parent company, the activities of the Beauharnois Power Corporation and its component companies are here treated as a single entity.

Then there is a description of the project as such, and I am again reading from page 6, the righthand column at the top of the page:

The canal is 15 miles in length and 3,000 feet in width. Should further water become available, with further low cost dredging the new

canal with its width of over half a mile could handle further diversions up to the full flow of the St. Lawrence.

I see by Mr. Johnson's early report that he puts it at something less than that.

The CHAIRMAN: Mr. Montgomery, when you get that full flow of the river it will interfere with Cedars Rapid, will it not.

Mr. MONTGOMERY: If they take the full flow of the river it will, obviously

The CHAIRMAN: The Cedars Rapid have got 200,000—

Mr. MONTGOMERY: They have 56,000 cubic feet in the navigation season and another 19,000 feet during the off season of navigation, the winter season.

The CHAIRMAN: But you have made an arrangement with them to take care of them if their power is interfered with.

Mr. MONTGOMERY: That is one of the compensating factors that is being worked out, so that the Cedars Rapid power will not be interfered with. That is one of the essential features of it. They are watching it very closely.

Mr. WHITE: I imagine that the Cedars Rapid Co., will be properly looked after.

Mr. MONTGOMERY: Well, I do not know what my friend means by that, but I can assure you the Cedars Rapid Co., are looking after their rights very closely.

Mr. WHITE: That is what I mean. Then on page 6 again the power house:

The power house will be built to house ten 50,000 horse-power units. By October 1, 1932, it is planned to produce 20,000 horse-power. Further units will be installed thereafter to bring the plant up to its 50,000 horse-power capacity. . .

The 500,000 horse-power plant will be 1,000 feet in length; it forms part of an ultimately larger architectural conception having a length of 3,000 feet and designed to utilize the entire flow of the river.

#### Construction Work.

On August 1, 1929, construction work began on the new Beauharnois canal. During the 1929 season, active construction work of a general character was carried out. It included the erection of construction camps, the assembling of one of the largest hydraulic dredges in the world, some miles of dyking and embanking along the route of the canal, and the building of the first few miles of the construction railway which now had a trackage of 40 miles.

On page 7 the right-hand column, about the middle:

About 28,000 acres of land, embracing some 250 farms, have been acquired along the canal route. Of this about 8,000 acres are required for the canal itself.

Leaving about 20,000 acres for other purposes. And it goes on to speak of construction costs. And on page 8 in the remarks under that title this statement is made:

Should further water rights become available, the expansion of the plant would bring total construction costs to a much lower per horse-power figure.

The construction costs as stated here will be for the 500,000 horse-power, and the cost per horse-power will run \$130 per horse-power, or \$65,000,000. The \$65,000,000 are my figures, that is, the arithmetic is mine, and I think it is correct. Then it goes on to speak of the market for power.

The CHAIRMAN: Let me get this right, correct me if I misinterpret this: If the Beauharnois Company had the right and went ahead to-day with the more comprehensive development, constructing the power plant to take care of the larger flow of the river, it will result in that more comprehensive operation being done at a very much less cost than doing it in the way it is being done at the moment.

Mr. MONTGOMERY: I do not suppose there will be a market for power.

The CHAIRMAN: I do not suppose there would be at once but I am just asking that.

Mr. MONTGOMERY: I understand, of course, that subsequent power will be developed.

Mr. WHITE: I have some figures on that, Mr. Chairman. I have seen a statement somewhere—I do not know where it is at the moment—showing how much less the second stage of the 500,000 horse-power will cost. There is something somewhere that I will bring to the attention of the committee on that point.

The CHAIRMAN: In the meantime, in the absence of having a definite right to take more water, or all the water from the river, I take it the Company's engineers, able men, are so fashioning their works that the next unit you hope to get will be done at the least possible cost, having regard to the impediments that may confront you with respect to getting more water.

Sir EUGENE Fiset: Can we take it for granted that all they are proceeding with at the present time is the construction of the first unit of 1,000 feet.

Mr. MONTGOMERY: That is the length of the power-house.

Sir EUGENE Fiset: That is what I mean.

Mr. MONTGOMERY: At present they are not putting in 500,000. These two contracts go on by stages.

Mr. WHITE: Reading from page 6:

The power-house will be built to house ten 50,000 horse-power units. By October 1, 1932, it is planned to produce 200,000 horse-power. Further units will be installed thereafter to bring the plant up to its 500,000 horse-power capacity.

The power-house itself, of course, having been presently built to contain the additional units to bring the production up to the half million horse-power:

Like the power canal, the plant has been designed to permit its low cost expansion. Further units could be added and further water diverted at a very low cost per horse-power. Power en bloc could be sold from such additional units at prices to compete with other plants anywhere in the world.

With its ultimate potential capacity of 2,000,000 horse-power, Beauharnois is the largest water-power in the world which can be developed in a single power-house. The 500,000 horse-power plant will be 1,000 feet in length.

I assume that that means that the power-house itself will be that length for the purpose of containing units to produce up to 500,000 horse-power.

It forms part of an ultimately larger architectural conception having a length of 3,000 feet and designed to utilize the entire flow of the river.

Then I was going on with this question of construction under the title "construction work" and "construction costs," and "market for power." And then on page 10, in the left-hand column, the fourth paragraph from the top:

There exists also the possibility of the further expansion of the Beauharnois project through the diversion of more water direct from the river.



I suppose that is what my learned friend, Mr. Montgomery, referred to when he said that if the Beauharnois Light, Heat & Power Co., obtained the right to divert further water there must be supplied such remedial works as would enable the Cedars Rapid Company to carry on:

After the initial installation of 500,000 horse-power the Beauharnois Power Corporation can only increase the capacity of its plant by the acquisition of further water rights. Such expansion might take place along two lines.

Application might either be made to the government to permit the diversion of more water, or presently existing water rights might be acquired. The unallocated balance of water in the river, if passed through the Beauharnois canal, would permit a further installation in the plant of about 1,000,000 h.p.

The Cedars Rapids and Provincial Light Heat & Power plants are owned by Montreal Light, Heat and Power, Consolidated. This company also owns, jointly with the Shawinigan Water and Power, the Canadian Light and Power plant on the south side of the river.

Then History, very much a repetition of what was said before:

The history of the Beauharnois undertaking goes back to about the year 1800 when the seigneur of Beauharnois erected a small grist mill on Lake St. Louis at the mouth of the St. Louis river. The flow of the little river was insufficient to operate the mill. The seigneur, to increase the flow, built a small feeder canal from Lake St. Francis to the headwaters but a mile or two from the southern bank of the St. Lawrence at Lake St. Francis. It flows into Lake St. Louis at the town of Beauharnois. So for the first time water was diverted around the Soulanges section of the St. Lawrence to develop power.

The water rights later passed into the hands of the Robert family. Over a long term of years, J. B. Robert and his son W. H. Robert, busied themselves acquiring further rights along the little St. Louis river. They recognized that in these minor diversion rights lay the potentialities of the present larger scheme.

These initial water rights are still in existence, and the St. Louis river is still generating hydraulic power at Beauharnois. In 1902 the Beauharnois Light, Heat and Power Company was formed to acquire these water rights. In 1926 R. O. Sweezey investigated the potentialities of the assets of this little company, and later purchased it from W. H. Robert.

In 1928 applications were made to the Quebec government for authority to change the charter, to obtain sufficient water to make the present project economically possible, and to divert it directly into Lake St. Louis. The provincial cabinet and legislature gave the project their support.

As the development was to take place on a navigable river, it was necessary also to obtain the authorization of the federal government. In March, 1929, a federal order in council granted the Beauharnois Light, Heat & Power Co. this authorization.

THE CHAIRMAN: Mr. White, would you hear Col. Thompson's evidence now? These gentlemen want to catch the train back to Montreal, and you can read that in on Tuesday.

ANDREW T. THOMPSON, called and sworn, examined by Mr. White.

*By Mr. White:*

Q. Col. Thompson, you have handed me a file of correspondence. Is it exclusively correspondence?—A. Yes, a complete copy of my file, Mr. White.

Q. A complete copy of your file in connection with what? --A. Well, these power developments on the St. Lawrence. Later the Beauharnois matter. But, as you will see, the first letter is dated October 13, 1927, and is from Mr. Steele, Vice-President of the Dominion Securities Corporation Ltd., asking me if I would act. The letter is short. The second paragraph reads:

On account of our connection with the Power business, we would like to be kept in touch with the progress of these developments. We understand that you are probably in a position to keep us advised and we write to ask you if you would undertake this small piece of work for us, and, if so, about what fee you would ask as Retainer.

Q. And further:

We would appreciate your writing us a note in connection with this, and I shall then either go to Ottawa to see you, or speak to you on the telephone regarding it.

A. Yes. That was in October, 1927, Mr. White. That was the first notice I had of anything.

Q. Then you wrote him that you will be very glad to act.—A. Yes.

Q. And that so far as the fee is concerned there won't be any trouble about that.—A. That is right.

Q. And then you also wrote him on November 3.—A. Yes. That was in reference to the meeting of the Premiers of the Provinces, which was then taking place in Ottawa.

Mr. WHITE: Well, I rather think, Mr. Chairman, that I had better take this file and read it.

The CHAIRMAN: I think it is highly desirable that you take the file and read it, and then Col. Thompson can come again and identify the file. It will facilitate our work.

Mr. WHITE: There is a lot of it that I do not want.

The CHAIRMAN: We will adjourn until Tuesday morning at 11 o'clock.

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## EXHIBIT NO. 37

### APPENDIX—DRAFT REPORT OF ENGINEER MCLACHLAN

317 West Block, Ottawa,

January 25, 1929

The works proposed by the Beauharnois Company consist of the following:—

1. A canal extending from Hungry Bay, at the foot of Lake St. Francis to Melocheville, at the head of Lake St. Louis, said canal being contained between banks which are 1,100 ft. apart where hard materials are encountered, and 4,100 ft. apart, where soft materials are encountered.

2. A power house at Melocheville equipped with ten 50,000 H.P. units.

3. Regulating works at Thorne Island and at Leonard Island. These are designed to hold up the levels of Lake St. Francis, when a diversion of 40,000 c.f.s from that Lake St. Francis made.

4. A series of works in the four rapid stretches of the river between Thorne Island and the head of Lake St. Louis. These are designed to maintain existing depths in present channels, and also to maintain existing levels at the head and foot of the Cedar Rapids works, when the above diversion is made.

The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway

#### EFFECT OF WORKS ON 14 FT. CANAL NAVIGATION

The St. Lawrence river is now improved by side canals so as to give a depth of 14 feet between Lake Ontario and Montreal. The Soulanges Canal, which connects Lake St. Louis and Lake St. Francis, is an essential link in this system. In low water periods usable depth in this system is controlled by that available over sills at lock No. 15, Cornwall and at lock No. 5, Lachine.

As these canals now carry a large traffic and as a lowering of Lake St. Francis reduces depth at Cornwall, nothing can be allowed which lowers the level of Lake St. Francis. This fact is recognized by the Beauharnois Company. They propose regulating works south of Thorne Island, and north of Leonard Island. These are designed to control the flow of the St. Lawrence river at the head of Coteau Rapids to a sufficient extent to compensate for the lowering effect of the diversion proposed. Our analysis shows that they have sufficient capacity to accomplish this object, except during short periods when easterly winds operate on the surface of Lake Ontario, during extreme low periods such as occur in the autumn once in twenty years. It would appear a slight extension of the works proposed at Thorne Island and Leonard Island is necessary to maintain present depths in 14 ft. system of canals at all times. This can be done by constructing an additional dam between Thorne Island and Maple Island, or by other alterations in works which can be easily made.

#### EFFECT OF WORKS ON PRESENT RAPIDS NAVIGATION

The remedial works proposed in the rapids between the regulating works at Thorne Island and the head of Lake St. Louis consist of rock filled dams at four places, and channel improvements at five places. Some of these works are not well planned, and if built would, we believe, fail to preserve present depths in rapids.

The rock filled dam shown between Ile Juilliet and Grande Island would be very difficult to construct. If built it would raise high water levels too much or low water levels too little to be satisfactory. It would probably be destroyed by the action of ice in winter. The objects sought might be obtained by building a long structure in shallow water farther up stream. An overflow dam of timber crib construction might be used for such a work. It would give a crest line of some permanence and stability. The idea of diverting passenger boat channels from south of Ile Ville Mable to the shoal areas north is not a good one. A channel north of Ile Ville Mable is too difficult to improve.

The excavation of solid rock above and below Prisoners' Island and north of Ile Ville Mable should, we believe, be avoided by designing and building works which will hold up water levels at these points rather than attempt to compensate by dredging rock to compensate for lowering. The excavation shown in Split Rock and Cascades Rapids is more difficult to avoid, but, even at these points we believe more satisfactory results would be obtained by use of longitudinal training works, than by excavation. Should channels through the rapids as proposed by the Beauharnois Company be approved, we suggest that they be made not less than 300 feet wide, and we suggest also that they be given a depth of 11 feet at low water.

From the approximate estimates which the Board has made it would appear remedial works designed to properly preserve rapids navigation would cost about \$3,000,000. This is about three times what the passenger business of the Canada Steamship Line is worth, which is the only company now using the



route, for commercial purposes. A settlement on some basis other than by remedial works would appear desirable, even though it gives the United States a better hold on use of side canals.

#### EFFECT ON OTHER POWER DEVELOPMENTS

There are, at present, four large power developments in the Soulanges section. The largest of these is the Cedar Rapids Power Co. This plant was set up by lease of land by the province of Quebec, and approval of plans by the Department of Public Works. The second largest of these is the Canada Light and Power Company's plant at St. Timothee. This plant was brought into being by lease of the old Beauharnois Canal from the Department of Railways and Canals. This canal has been since enlarged.

The third largest development in the section is the Provincial Company's plant below Cedars. It is now owned by the Montreal Light, Heat and Power Company. It came into being through lease of surplus water from the Soulanges Canal, granted by the Department of Railways and Canals. The fourth development in the section is the Montreal Cotton Company's plant at Valleyfield. This plant and a few others at that point came into being by a gradual extension of water privileges obtained from the Department of Railways and Canals at a dam which was associated with the Beauharnois Canal. The smallest power plant in the section is at the mouth of the A La Grosse River. It is used to light and operate the Soulanges Canal, and is owned by the Department of Railways and Canals.

The Beauharnois Company's plans are designed to maintain the level of Lake St. Francis in future at the same elevation as it has held in the past. As a consequence no change need be expected in the headwater condition of the three power plants set up by lease from the Department of Railways and Canals.

The design of remedial works for use in the Rapids below Grande Island is not yet worked out in a satisfactory manner, but in any case it may be taken for granted water levels will not be raised when approval is given for such works. As a consequence, the water powers set up by the Department of Railways and Canals will not be injured by the execution of the Beauharnois Company's proposals. However, the abstraction of 40,000 c.f.s. from the river will reduce the volume of water flowing through the river and past the Cedar Rapids Power Company's plant. If the area of water surface exposed in this neighbourhood could be reduced as much as the flow is to be reduced, no change would be made in the quantity of ice formed, and the Cedars Rapids plant would function in future as in the past. A document purporting to show that ice formation will be reduced proportional to flow has been submitted by the Beauharnois Company's engineers. In fact, this document predicts that conditions will be improved so far as the Cedars Rapids Company's operations in winter are concerned, when proposed remedial works are built. We have examined the data and analysis submitted. We cannot agree that the works proposed will attain the results indicated, and believe the proportion of ice to water in the mixture flowing in the river past the Cedars Rapids plan will be greater with the proposed works executed than it is at present.

It should be pointed out, however, that the responsibility for protecting the Cedars Rapids Company's plant in winter does not rest with the Federal government, because the rights which the Cedars Rapids Company enjoys were derived largely through ownership of land leased from the province of Quebec. Just what these lands carried with them in the way of rights to use water is not easy to determine, but it clearly did not give the right to use more than half the flow of the river, as the lands leased are only along one shore.

## EFFECT OF BEAUHARNOIS COMPANY'S PROJECT ON FUTURE DEEP NAVIGATION

Before discussing details of how the Beauharnois Project affects future deep navigation, a few facts and estimates will be given. A canal for deep navigation between Hungry Bay and Melocheville can be built for \$38,569,000 via the Hungry Bay-Melocheville route. This would be for a depth of 27 feet, and would have double locks in flight at Melocheville. A similar canal can be built entirely on the north shore of the St. Lawrence river between Coteau Landing and Cascades point for \$43,791,000. If we assume a power canal 600 feet wide and 27 feet deep is built from Hungry Bay to Melocheville, as a power venture for the purpose of carrying 40,000 c.f.s. from Lake St. Francis to Lake St. Louis, and deep navigation is to be required later, then it is found such a canal can be equipped with locks and other structures, which would enable it to be used for deep navigation for an additional expenditure of about \$21,600,000.

Again, if an improvement of the Soulanges section be assumed in the river, as a power venture, previous to the undertaking of a deep waterway between Lake St. Francis and Lake St. Louis, the special structures required for adding deep navigation would cost \$28,574,000.

A close analysis of the cost of developing power in the Soulanges Section, by various methods, has been made. These clearly indicate that the bulk of the flow passing through the section should ultimately be developed for power by a river improvement, as it is much more economical than any plan involving a large or a full diversion of the flow of the river, by means of side canals. This general fact however, does not stand in contradiction to the idea of diverting a small amount of water via a Hungry Bay-Melocheville route for power. As an application for such a diversion is before this Board, the economic effect of this specific diversion will be discussed in detail. A diversion of 40,000 c.f.s. from Lake St. Francis to Lake St. Louis, can be accomplished in a number of ways. The way which appears most economical from a power point of view, appears to be by a concrete lined canal in which the water would travel at 6 feet per second and stay open in winter. The amount of power to be derived from 40,000 c.f.s. utilized at a head of 75 feet at Melocheville, is only 300,000 horse-power and the power which it would give at 80 feet head is about 320,000 horse-power. A head of about 80 feet would generally be available in summer, but in winter it would be reduced to 75 feet or less, dependent on the form of canal used. The amount of firm power derived from 40,000 c.f.s. will not exceed 300,000 horse-power. The cost of all the work connected with the development of 300,000 horse-power, with a concrete lined canal, and water at 6 feet per second, would be about \$48,700,000. This canal would stay open in winter. If a power canal is to be built with the idea that it will later be used for navigation, as well as power, it must have low velocities. If it has low velocities, no protection lining would be required to stop scour and an ice cover will form in winter. Such a canal would have to be 600 feet wide on the bottom, and 27 feet deep to give satisfactory results from a joint navigation and power point of view. Its cost would be increased to the extent of about \$5,000,000, and would stand at \$53,983,000. This project would not disturb the Soulanges Canal, or the level of Lake St. Francis, as it is coupled with control works, at the foot of Lake St. Francis.

*Effect of 40,000 c.f.s. Diversion.*—The 40,000 c.f.s. diversion when made may increase the cost of developing the remaining power resources in the Soulanges section, and it may not, depending on what is done with the power developed, and what plan is followed in the future development of the section.

*Co-operative Project.*—If the Beauharnois Company joins up with the other companies now established in the section, a co-ordinated and economical scheme of development can be adopted. The vital feature of this linking up of all the power interests would be an arrangement for carrying the load of the plant of the Cedars Power and Manufacturing Company (some 200,000 horse-power),



by the Beauharnois Company through its 40,000 c.f.s. diversion, in order to relieve a river development of the burden of keeping the Cedars plant going while building and unwatering the work required for a river project. The Beauharnois project, would, by such a procedure, become the first stage in a co-ordinated development of the entire reach, developing 300,000 horse-power at Melocheville. The remaining water would be developed in the main river channel, 1,050,000 horse-power at St. Timothée, and 489,000 horse-power at Cascades, in two successive stages. This project will hereafter be referred to as St. Timothée Project. The overall economy of such a project is practically as good as that of the project recommended by the Joint Board of Engineers.

*Non-Co-operative Project.*—If, on the other hand, the Beauharnois Company does not join up with the other power companies now established in this reach of the river, an overall economic loss of \$18,000,000 will be sustained by power agencies as a whole. If we assume the 40,000 c.f.s. diverted and the Melocheville power put to use without providing for the temporary carrying of the Cedars plant load during the construction period of the river development, then the best way to develop the remaining resources would be by a river project similar to the Ile Aux Vaches three-stage scheme as in the Joint Board's project. This method would be better than a progressive enlargement of diversion canals. The development in such case would proceed with 300,000 horse-power at Melocheville, then 340,000 horse-power at Ile Aux Vaches, then 300,000 horse-power at Cascades Point, and, finally, 689,000 horse-power at Cascade Island, a total of 1,629,000 horse-power. Analysis shows that the overall cost of this project is \$18,000,000 greater than the St. Timothée project when the cost of development of the section as a whole is compared with either the St. Timothée project, or with the full river development described in the Report of the Joint Board of Engineers. When the overall cost of the first stage is separated from that of the remaining stages, the extra cost is found to fall entirely on the first stage, or the Beauharnois Company. In fact, the cost of developing the power remaining in the river is apparently not increased by the diversion of 40,000 c.f.s. to Melocheville.

A river improvement, similar to that recommended by the International Joint Board of Engineers, but with 14-foot navigation provided with a first stage, and deep water navigation added later, is estimated at \$180,009,000 for power works, and \$32,850,000 for interest and carrying charges until power is marketed. To these amounts, \$20,670,000 is added as an equalizing charge to compensate for the high cost of developing the first stage. This gives a total of \$233,529,000, exclusive of works required for navigation. By this project, the capital cost of power is \$110 per horse-power, and the overall cost, including overhead and equalizing charges, is computed to be \$143 per horse-power. This is based on marketing 75,000 horse-power per year with interest at 5 per cent per year.

If the proposed Melocheville diversion is made, and the nonco-operative Ile Aux Vaches Scheme is adopted for development of remaining resources, the initial cost will be \$149,622,000 for power works, \$21,800,000 for overhead and carrying charges, and \$12,840,000 for equalizing charges, making a total of \$184,272,000. This gives a capital cost of \$112.60 per horse-power and \$139.00 per horse-power when all interests and carrying charges are included.

In the St. Timothee Project, the power developed at Melocheville is to be used to carry the customers of the Cedar Rapids Power Company, for about three years. With this done, the works of the Cedars Company can be used to divert the flow of the river at that point, and a development not otherwise possible, can be made. This consists of building a dam across the river between the Cedars Plant, and the village of St. Timothee. It involves developing a head of 52 ft. at Cedars initially. This will give 1,150,000 horse-power of new power, adding that at Melocheville, and deducting that at Cedars. In this



project, the drainage of the country on the north side of the river is cared for by the Soulanges Canal, and drainage of that on the south side of the old Beauharnois Canal, now leased to the Canada Light and Power Company. At a later date, a second development would be made at Cascades Island. This would reduce the head at Cedars to 36 ft., and give 489,000 horse-power of new power.

The first cost of this project, including works at Melocheville, would stand at \$202,756,000, interest and carrying charges would be \$39,990,000, and equalizing charges would be \$3,620,000 or a total of \$246,366,000. The power developed by this project would be \$1,672,000 horse-power, and the initial cost per horse-power would be \$121.00. The overall cost, including interest, carrying, and equalizing charges would be \$147.00 per horse-power. This project recovers 40,000 horse-power lost in the project recommended by the J. B. of Engineers. These costs are given with \$53,983,000 as the cost of the Melocheville Project. If \$48,500,000 were taken, instead of \$53,983,000, or the future saving to navigation viz: \$7,000,000 is allowed for as good economic results as in the Joint Board's Project are secured, the cost of power would be reduced. If the 40,000 c.f.s. diversion for power is made, by means of a 600 ft. canal, and a river development of remaining resources is also made, then deep navigation will have two good routes open for adoption. The cost of the Melocheville route will stand at \$21,600,000, and the north, or river route, at \$28,574,000. There would be three lift bridges across the open power canal, via the south route, while the bridges on the north route would be in still canals. There would be two canal entrances via the south route and four by the north of mooring crib has been provided in estimates on the upper north side of each lift bridge in the power canal. Should a lift bridge fail to open when a down bound boat is approaching, the boat can go astern and tie up to the line of cribs. With those provisions, and a width of 600 ft., navigators appear to be satisfied. In fact, conditions would appear quite the equal of what can be gotten by a river route with its four entrances from relatively fast water in the river.

However, no assurance can be given that United States interests would be satisfied with such provisions, and led by their Chief of Engineers, they may prefer a river route. In the north shore route, the bridge at Coteau is over a controlled part of the waterway, where there would be no approaching movement of the water. In revised plans, the bridges between Cedars and the Ottawa arm of Lake St. Louis pass over channels which are used for navigation alone. In these there will be no appreciable velocity. As both the Soulanges Power Company, and the Cedar Rapids Company indicate their desire to proceed with the development of the resources remaining in the river after the Beauharnois diversion is made, the Federal Government can assume that a river improvement will be an accomplished fact in the near future.

If the Beauharnois Company are permitted to build their canal entirely for their own use, they could effect a saving of about \$5,000,000. This would balance, so far as the general public are concerned, the saving of \$7,000,000 which navigation would save by use of the Beauharnois Canal. Moreover, a concrete lined canal, with water travelling at six feet per second has only half the loss of head of an ice covered canal in winter. This would balance the loss of water for skimming purposes in an open canal.

It would appear a decision might be made to carry future navigation through the Soulanges Section by the Hungry-Bay-Melocheville route, without loss of economy or the reverse conclusion might be reached. This reverse conclusion might be directed towards permitting the Beauharnois Company to build their power canal for use by power alone. It is believed an amalgamation of power interests can be trusted to bring about a river improvement or a combination of opposing interests can be trusted to execute a river improvement, at

an early date. If they do not do this, a river improvement can be executed by the Government with profit, or a side canal parallel with the Beauharnois project can be built for little extra cost. If the Beauharnois Company are to be permitted to build a canal for power alone, they should be forced to build their works a little north or south of the route shown for navigation alone in the International Joint Board of Engineers Report. This would enable the Federal Government to build a canal through the region unobstructed, should some unforeseen set of conditions delay a river improvement. If the first conclusion is arrived at, and plans are to be made for using a joint canal, then the Beauharnois Company should be asked to provide a through channel not less than 600 feet wide on the bottom. The embankment on the north side of the canal prism should form part of a three to one sloped prism in marine clay and a two to one prism elsewhere. The embankment on the south side of the channel might be set back two or three hundred feet from the southerly edge of the prism, if desired, but it should not be set a great distance away, as proposed by the company, because excess water surface will give trouble with ice, and cannot be made use of in connection with the future development of the river, if good economies are to be followed. A deep channel limited to 450 feet in width is not deemed to be satisfactory under the conditions which will maintain in this power canal. The alignment of the canal in the large scale plan filed, appears to be satisfactory.

Some distance above Melocheville provision will have to be made to permit a guard structure and locks to be built when, and if required. The substructure of all bridges will have to be arranged to accommodate 200 ft. lift spans, when these are required for navigation. The spans placed upon these piers may, or may not be suited for use in a future deep waterway. In the estimates which have been given, the Power Company are expected to provide piers for lift bridges with fixed spans over lift bridges openings. In this connection, an effort should be made to reduce bridges to the least possible number. It would appear not more than four need to be allowed west of the power-house at Melocheville. For two thousand feet above bridges, extra width should be provided so mooring cribs can be built when required by navigation. The disposal of excavated material should be arranged so it will strengthen embankments throughout the length of the canal. In this way, the necessity for a guard lock at the foot of Lake St. Francis will be avoided. The top of embankments should not be less than elevation 158 and the width on top should not be less than 60 ft. though the specially built part may be confined to the standards of the I.J.C. Report. At the power-house at Melocheville, regulating sluices should be provided capable of discharging 40,000 c.f.s. when the water level in their head race at Melocheville is as low as elevation 142. The sectional area of channels leading to these sluices should be wide and deep.

The question of whether or not the works proposed by the Beauharnois Company affect water levels opposite St. Regis, at the head of Lake Francis, where the boundary between United States and Canada leaves the river will turn upon how control works are operated. If gates, independent of turbines are provided at Melocheville which can discharge 40,000 c.f.s. under winter conditions, then the level of Lake St. Francis can be held in the future as in the past. If, however, authority could be secured to raise the level of Lake St. Francis one foot at low periods in winter a saving in first cost would be secured, because conditions in winter govern in the design of the power canal.

We see no reason why the approval of the International Joint Commission should not be asked for.





Room 231,

HOUSE OF COMMONS,

TUESDAY, July 7, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon, presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

J. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

ANDREW T. THOMPSON, recalled.

*By Mr. White:*

Q. You have furnished me with a copy of your complete file in this matter?

—A. Yes, sir.

Q. This file, I take it, discloses that you were retained first by whom?—A. The Dominion Securities Corporation.

Q. And later by the Beauharnois company?—A. Well, it just seemed to be a process of evolution. I was passed on, no separate correspondence, I think.

Q. And your retainer, I take it from the correspondence, was to be that of parliamentary agent?—A. Parliamentary agent, and departmental, because, as you will notice, I filed papers.

Q. Your particular duty appears to have been to file the application?—A. Yes, sir.

Q. And various other documents, with the departmental officers?—A. Yes, sir.

Q. You appear also to have interviewed certain persons in connection with the matter?—A. Yes, as you will see by the first letter from Mr. Steele of the Dominion Corporation, to keep a general eye on all power developments going on here and report what was going on.

Q. You rendered your bill?—A. I did.

Q. And I see by the correspondence that it was paid?—A. It was, without demur.

Q. And did you receive any moneys from anybody in connection with this matter other than the amount of your fee as disclosed by this correspondence?

—A. Everything I got is disclosed by the papers before you.

Q. Did you receive any moneys to be passed on to anybody else?—A. No, Mr. White, not a cent.

Q. Do you know of any moneys having been paid to anybody in connection with this transaction other than to yourself for legal fees?—A. For legal fees?

Q. Yes?—A. No, I do not know of any; there were other counsel engaged, Mr. White, and I have no doubt they were paid.

Q. I mean moneys for other than legal fees?—A. Oh, no, nothing, nothing.

Q. We may take it from you that you have furnished me with everything you have in connection with this matter?—A. Yes, with the exception of a few printed forms, such as I think you already have, the memoranda which were distributed generally to the members, which I can give you if you want them, typewritten or printed, I forget which. That is all the correspondence, everything there.

Q. And your first communication apparently was on the 13th October, 1927?—A. I think that is the date.

Q. And your bill appears to have been paid on the 24th April, 1929?—A. Yes, sir; it covered two years.

Q. On that occasion you were going away, and usually—A. It is a time to get—

Q. A good excuse to collect?—A. Yes; that is why I go away.

Q. What would you say as to whether you used any influence which you have, be it great or little, to influence any members of the Privy Council in the passing of the order in council approving of this project?—A. Well, Mr. White, I can say I could hardly flatter myself to that extent.

Q. Suppose I flatter you?—A. Well, it would be quite like your kindness. But no, I think I may say "no" to that question, Mr. White.

Q. There is just one letter here addressed to Mr. Griffiths?—A. Yes.

Q. November 19, 1928, in which you say, "I had what I considered a very important interview with a gentleman very highly placed, recently"—A. Yes.

Q. ——"but I do not want to talk about it on paper"?—A. Yes.

Q. ——"it is not of a pressing nature, but the next time you are in Ottawa, I would like you to come to see me so I may discuss it with you"?—A. Yes.

Q. Do you remember?—A. The circumstances?

Q. Yes?—A. Not a thing about it, Mr. White. It is dated November 19, 1928, which you see, is more than two and half years ago. Naturally, like yourself, I meet a great many people. I have not the slightest idea to whom reference was made there. I cannot recollect it at all, nor the nature of the interview, but evidently I had an interview, no question about that.

Q. Some friend at court?—A. Oh, possibly so, yes, very likely.

*By Mr. Morin:*

Q. In your letter, dated November 9, 1928, you say that the Minister of Railways and Canals seems to be leaving matters pretty largely in the hands of John Elliott. Who is John Elliott?—A. He was at that time the Minister of Public Works, and the two departments were concerned in this application, and I was one of the Ottawa solicitors, Mr. Greene being the other, who was filing papers in these two departments. I represented the Beauharnois company.

Witness retired.

ROBERT ALEXANDER CECIL HENRY, called and sworn.

*By Mr. White:*

Q. Is your name Robert?—A. Robert, sir.

Q. You are occupying what position with the Beauharnois Power Corporation?—A. Vice-president and general manager.

Q. Do you occupy any position with any subsidiary of that company?—A. I occupy a similar position in the subsidiary companies.

Q. What are the names of them, if you please?—A. The Beauharnois Light, Heat and Power Company, the Beauharnois Construction Company, the Beauharnois Land Company, and the Beauharnois Transmission Company.

Q. What about the Marquette company?—A. The Marquette? I am not an officer of that company.

Q. Not an officer of the Marquette company?—A. No.

Q. Are you a shareholder of the Marquette company?—A. No, sir.

Q. You are a shareholder of the Beauharnois Power Corporation, I understand?—A. I am.

Q. A holder of 8,000 shares, class A shares?—A. I am a holder of not quite that, I should think I purchased some 8,995 shares, and some shares on the market subsequently to that. I do not recall just how many I have at the moment.

Q. Have you sold any shares?—A. Have I sold any shares? I do not believe I have. I think I have got all the shares that I got originally.

Q. And as general manager I assume that you have informed yourself as to the financial affairs of the company?—A. I informed myself to a degree about the financial affairs of the company.

Q. And perhaps in a greater degree with the physical features of the project?—A. Yes. I might say that the financial affairs of the company had been pretty well searched out before I joined it. My efforts have been primarily directed towards the construction program.

Q. And in what particular way? I understand that there is a gentleman down there who is construction manager.—A. Yes, sir.

Q. Is he under you?—A. Yes; he takes his direction from me; he is a vice-president of the Beauharnois Construction company.

Q. His name is what?—A. F. H. Cothran.

Q. Generally known familiarly as Frank?—A. That is the one.

Q. Just so it may go down on the notes and at the chance of some repetition, would you, in as few words as possible, describe the physical features of this project, starting at Lake St. Francis?—A. Hungry Bay. May I go to the map?

Q. Have a little mercy on the straining ears of the reporter.—A. This project divides itself into three categories; first the works that are involved in the river proper, second the works that are involved at the inlet at Lake St. Francis, and at the outlet at Lake St. Louis, and third, those works which fall in between—

Q. May I suggest a subdivision of the third will be one having to do with power, and the other with navigation?—A. One having to do with power—I was going to deal with that—as to the first, the features involved in that property are a two-fold kind, works which relate to the maintenance of the level of Lake St. Francis and permit of the diversion of water through the Beauharnois canal; second, those works which fall within the category of remedial, in the sense that they fall in the river proper, and relate to the works required to maintain the level of water so that the Cedars Rapids plant and other plants there will not be affected by the diversion.

Q. And the location of these is, roughly, at the head of the Cedars Rapids—A. The location of these—I would just like to explain that—influences the downstream navigation—

Q. Rapids and navigation?—A. Rapids and navigation—for six or seven feet, depends upon the stage of the river—as to these remedial works, it was necessary in dealing with the problem to co-operate with the Montreal Light and Power Company. When I became general manager, I found an arrangement had already been made for an appointment of a board consisting of Dr.



Hogg, R. S. Lee, and Mr. Scovil. The two companies left it to that board of engineers to decide the nature of the works that was necessary to safeguard the Cedars and of course—

Q. That is, without reference to any departmental engineer?—A. They had no reference, but at that stage, as you will see by the order in council, that that was considered to be a matter for the Quebec government to deal with; and, of course, the Montreal Light, Heat and Power Co., had a lease. It is true it was approved under the Navigable Waters Protection Act. But, from the standpoint of the company, it seemed that the Federal Government were not interested in it except to the extent that the structure involved might fit in with the remedial works necessary to provide for 7 foot navigation or down-stream navigation.

Q. Would not that necessarily be so?—A. Well, I mean in the preliminary stage; until these engineers had agreed what was necessary to be done to safeguard navigation it would be useless to go to the Department of Public Works.

Q. Until the two companies.—A. Until the two companies had come to an agreement. That work, by the way, is well under way.

Q. That is, three engineers you have named have not yet agreed?—A. They have not yet agreed on a thing that would satisfy navigation as well. They have come to the first stage of the development. They know what would satisfy the Montreal Light, Heat and Power Co., or rather the Cedars Rapid, but that has not been fitted into the navigation side of it yet.

Q. Therefore, so far as that portion of the project is concerned, no final, definite plan has been submitted to the Department of Public Works?—A. Correct. That is one of the reasons why in the submission made on August 22, 1930, that part of the works was not shown.

Dealing now with the second division of these works, namely, the inlet and the outlet. The problem there involved two departments. It involved the Department of Railways and Canals because of the ownership which that department had in the Hungry Bay Dyke. It also involved the Department of Public Works under the Navigable Waters Protection Act because the company had an emphyteutic lease from the Province of Quebec of a part of the foreshore, and it was necessary to cut into Hungry Bay Dyke by doing dredging out into the lake to a certain extent to let the water come in.

Q. Just there, and interjecting for fear I forget it at a later stage. In the absence of remedial works could you tell us to what extent the withdrawal of 40,000 cubic feet per second would lower Lake St. Francis?—A. In the absence of—

Q. In the absence of any remedial works?—A. Control works I think you refer to. I do not believe I can answer that question, Mr. White. I have not got it in mind.

At the lower end the problem really developed into two categories also,—the dredging down in the lake here (indicating on plan) which was necessary to discharge the water.

Q. That is, provision for a tail race.—A. Provision for a tail race, and the consideration of that powerhouse as a dam. That power house besides acting as a power house was intended as a dam to hold back the water, and its structural stability was a factor in which the Department of Public Works was naturally interested. Now, the structural stability depends primarily upon the nature of the foundations. You have first of all got to determine the kind of foundations upon which you are building your structure and that, of course, is varied almost every 100 feet depending upon the character of the rock that was underneath, so as to avoid the danger of fissures and things of that kind.

Q. By the way, is that a stratified rock?—A. It is a Possdam sandstone. It is a sedimentary rock.

Q. And not a stratified rock?—A. I think perhaps in places it might. It has certain strata. I am probably wrong in saying it is not entirely stratified.

Now, the next feature was the canal itself. The canal divides itself into several features of interest. First, there is the channel required for navigation. The Order in Council provides that it shall be 600 feet wide on the bottom and it shall be 27 feet deep. The construction of that is at low water.

Next, there is the north embankment. That embankment is of considerable importance because it is the embankment which flanks the navigation channel. It is the one that they use as a guide. The south embankment, from a navigation point of view, is not so important.

As part of this problem also we have bridges. That bridge question involved a great deal of difficulty. In the first place it was necessary, before coming to the Department of Public Works—although we did have discussions with them—to make an arrangement with two railways—the New York Central and the Canadian National at that point (indicating on plan) the Canadian National at this point (indicating on plan) and the New York Central at the point—

Q. The New York Central and the Canadian National being about 3,000 feet from the eastern entrance?—A. Yes, about a mile I would say.

Q. And the one in the centre is?—A. The Canadian National.

Q. And the one towards the west?—A. The New York Central. This is a line the ownership of which is vested in the Canadian National but leased to the New York Central.

Q. That is the easterly one?—A. The easterly one. It took almost a year to complete the negotiations with the two railways as to the type of construction and location of those bridges. Following that it was necessary to consult with the municipalities as to the rearranging of roads and as to the crossings of this canal, and an adjustment was finally made with the municipalities whereby at the westerly end the highways were concentrated in a combination bridge, highway and railway bridge, on a diversion of what was known as the Larocque road.

Q. Just before we leave that. Did that include the substitution of the Larocque road for the road which is now on the dyke?—A. Under the provisions, or under the conditions of the Resolutions passed by the Municipal Council, all these roads that are seen or that are shown in broken lines were closed, and the other ones shown in black lines were substituted for the ones closed. This is the Canadian National Bridge.

Q. That is, the centre one?—A. In the centre of the canal. That bridge was combined with a highway bridge also at the same point, and there is another crossing just below the power house. That is the main road to Valleyfield.

Q. That is a highway crossing?—A. That is a highway crossing. Other than that there are no bridge crossings. Negotiations with the various municipalities took upwards of five months.

Q. Before we leave that, do you know who, as a matter of fact, maintained the highway on the dyke?—A. Well, you say as a matter of fact. It is my impression or my understanding, that the road along Hungry Bay Dyke was maintained by the Department of Railways and Canals, and it was necessary for the Company, because of the fact that that road had been used as a public highway for a great many years, to first obtain from the municipalities their consent to its closing before really you could consistently expect the Department of Railways and Canals to consider closing.

Q. Well, has that consent been obtained?—A. No consent has yet been obtained from the Department of Railways and Canals.

Q. So that so far as the Hungry Bay Dyke road is concerned and its diversion to the combined bridge over the canal, for the crossing of the westerly three crossing, that depends, does it not, upon receiving the consent of Department of Railways and Canals?—A. It does. It has not yet been closed as a road.



Q. I thought that was done since last Wednesday?—A. It has not been closed as a road. From the standpoint of the Department of Public Works, and their interest in the canal proper as a practical proposition, they are interested in this navigation channel—the north embankment, the curvature of the canal and the stability of the power house, as well as the number of the bridges and the location of those bridges in relation to the navigation channel, and the foundations. That is to say, the company is obligated to place or to construct the sub-structure upon which later the government will place the super-structure.

Q. Just before you leave that. I assume that the Department of Railways and Canals will be vitally interested also in the facilities for opening and closing those bridges?—A. Well, that may be true. From the standpoint of the company, however, the medium through which the conditions of the Order in Council are to be supervised and imposed is the Department of Public Works.

Q. Let me understand it. Are the Company building the three bridges?—A. Oh, yes.

Q. Completing the bridges?—A. The company under the supervision of the railways concerned, under the supervision of the Highways Department of the province of Quebec, the Public Works Department of the province of Quebec, and under the supervision of the Department of Public Works, Ottawa, is building those bridges.

Q. And not of the Department of Railways and Canals?—A. And not of the Department of Railways and Canals.

Q. Well, if this becomes a navigation canal it becomes then directly, I assume, under the Department of Railways and Canals?—A. Well, so far as the company is concerned, the medium through which the operation of the Order in Council is made is the Department of Public Works. It is perfectly true that the company has to obtain the authority of the Department of Railways and Canals to interfere with the Hungry Bay Dyke.

Q. Well, keep away from that for a moment?—A. But, so far as the other divisions of the order in council are concerned that is, the restrictions as to navigation, etc., location of bridges, it has been by understanding that we are responsible to the Department of Public Works and not the Department of Railways and Canals.

Q. Well, what I want to get at is this, Mr. Henry: someone is vitally interested from the public standpoint, the standpoint of navigation, in seeing that these bridges are of a type and design which will operate so as to interfere as little as possible with navigation?—A. Quite.

Q. And so as to render their opening and closing effective from the standpoint of danger to navigation?—A. Well, upon that point I might say that it is the company's understanding that the types of bridges which the government intend to put there are of the same type as has been used on the Welland Ship Canal.

Q. And it is the Dominion Government who are to build?—A. The super-structure.

Q. It is the Dominion Government who are to put the super-structure there and not the company?—A. And not the company.

Q. That is, at a time when the canal is to be used for navigation, if at all, the bridges are to be constructed by the Dominion Government?—A. I imagine so, yes.

Q. And what they are concerned with at the present moment is, that the sub-structures are such as will enable them to super-impose the bridges when the time comes?—A. Right. I might say in that connection that the foundations for the piers upon which the lift span is to be supported are a matter of considerable concern to the government, and an arrangement has been made



whereby Messrs. Montsarrat and Pratley, Consulting Bridge Engineers, are consulting with the engineers of the Beauharnois Company with a view to advising and looking after the interests of the Department of Public Works in the foundations. The nature of the foundations cannot be discovered until the ground is uncovered. It will be uncovered by a coffer dam or caisson of some kind.

*By Mr. Montgomery:*

Q. Those two gentlemen have been designated by the Department of Public Works?—A. They have been designated by the Department of Public Works to consult with our engineers. That is not a matter, gentlemen, that is possible of determination before the foundation itself is uncovered.

*By Mr. White:*

Q. And until navigation opens in this channel the bridges will be rigid?—A. Yes.

Q. Then the lift bridges will be substituted for the solid ones?—A. Substituted, yes. Well now, you will observe that the embankments are shown at 3,338 feet apart, I think. I am speaking there from memory.

Q. There is one report which shows 3,308 feet?—A. It would vary a little, however, dependent upon the slope.

I might say that I had nothing to do personally with the decision to make that width, but after joining the company I found that the engineering investigations upon which that was based were based upon building those sufficiently far apart to take the reasonable capacity of the river.

Q. Meaning thereby the whole available flow of the St. Lawrence?—A. Meaning thereby the economic flow when I say that.

*By Mr. Jacobs:*

Q. How do you propose to take care of the Soulanges Canal when you have what you call the whole flow of the St. Lawrence? I am asking as a layman. I do not know anything about engineering?—A. Well, the control of the flow will be governed by these remedial works, or these control works here. (Indicating on plan).

*By Mr. White:*

Q. At the head of the Coteau Rapids?—A. At the head of the Coteau Rapids, and it is quite a simple matter just to let enough water go through the present Soulanges Canal if the government desires to maintain 14-foot navigation. The amount required is somewhere on the order of 3,000 cubic feet a second. It would be less than that, I should think. The amount required to maintain 14-foot navigation through the Soulanges Canal would be rather significant in volume.

*By Mr. Jacobs:*

Q. A fourteen-foot channel?—A. Fourteen-foot channel.

Q. And this new canal is a 27-foot channel?—A. This new canal is 27 feet.

*By Mr. White:*

Q. In width. Did I understand you to say that the power requirements—the present power requirements of the Soulanges Canal were 3,000 cubic second feet?—A. I do not recall the precise wording, but my understanding is that it is the surplus flow, and I understand that the amount that they count on is approximately 3,000 cubic feet a second.

Q. And in addition there would be the requirements of navigation?—A. Yes, in addition to that there would be the requirements of navigation.

Q. Which, as I understand you to say is not a considerable amount?—A. They are not a considerable amount. It depends entirely upon the amount of traffic that goes through and the number of lockages.

Q. Have you any data showing the average lockage?—A. Well, I cannot recall. I am only speaking from memory. I think, perhaps, it would be better not to.

Q. Then we will leave that. Will you tell us whether or not your canal of 3,308 or 3,348 feet, as the case may be, is sufficient if dug out to 27 feet across its whole width, to take the whole flow of the St. Lawrence River?—A. No. It will have to be a lot deeper than 27 feet.

Q. At 27 feet for the whole width, what will be the capacity—at 2.25 feet per second velocity?—A. I will have to make a calculation. I wish I had my sliding rule.

Q. Don't bring out a sliding rule or I will leave the room.—A. Just slightly over 200,000 cubic feet a second.

Q. And the total flow of the river normally, as I understand, is 220,000?—A. It was 223,000 when we were out there the other day. I believe that 50 per cent of the time the flow is in the vicinity of 230,000 cubic feet a second.

Q. I see. Then perhaps another simple calculation would let us know how deep it would have to be to take care of 220,000 cubic second feet?—A. Well, 220,000—take the whole flow, I think it would require to be about 33½ feet deep. But remember that depends somewhat upon the slope. It would vary a little from place to place because of the necessity to flatten the slopes.

Q. The slope of the embankment?—A. The slope of the embankment and the slope of the excavation also, that is below the surface.

Q. Then, before we leave that particular phase of it, is it not a fact that your own power-house—the building itself is so designed as to be enlarged readily so that units may be added if permission is obtained to utilize 200,000 cubic second feet?—A. Yes. This power-house is so located that it can be extended at a northwesterly direction, and a sufficient distance to put through the installation of 50,000 h.p. unit to develop the whole 2,000,000 h.p.

Q. The whole 2,000,000 h.p.?—A. Yes.

Q. You estimate, I understand, with 200,000 cubic second feet, or thereabouts, that 2,000,000 h.p. can be developed?—A. Oh, no.

Q. How many?—A. 2,000,000 h.p. would give 200,000 second feet, or it would give you approximately 1,600,000 h.p. That is, 24 hours power if the flow always equals 200,000, but it does not always equal 200,000; it sometimes goes as low as 180,000.

Q. With a 85 per cent load factor— —A. Well, from a commercial point of view it depends upon how you are selling your power. If it is at 85 per cent, it is one thing; if it is at 75 it is another.

Q. Your present contracts are 85 per cent?—A. Our present contracts for 400,000 h.p. are 85 per cent.

Q. 200,000 cubic second feet, would develop, under the conditions which your named, 1,600,000 h.p.?—A. I have to qualify that to this extent: that based upon an 80 foot head—and there the certain seasons of the year when it is impossible to obtain an 80-foot head—either high water conditions or low water conditions make the head vary as much as 3 or 4 feet.

Q. Is your present tail race being excavated to take care of 200,000 cubic second feet?—A. 200,000, no. The present tail race is being excavated, I should say offhand, to take care of perhaps 60,000 cubic second feet.

Q. The enlargement of it, of course, is a matter simply of further dredging or blasting?—A. The practical method of doing that would be to leave a little island in here, and build an entirely new tail race. If you do not do that you

will be under the necessity of making a rock excavation under water, and it would be rather expensive. So, rather than do that we leave an island in here and excavate your rock as far as possible in the dry.

Q. May I take it that provision is being left for that enlargement if it becomes advisable?—A. Yes, the scheme at present in mind—it can be worked out to have two additional tailraces of the same size, or substantially of the same size as the existing one.

Q. This will be an animal with three tails?—A. Yes; right.

Q. Then coming to the entrance. The plan which you are looking at shows that the entrance to the canal is, I take it, about four thousand feet?—A. I have not measured that, but I should think, diagonally, it means four thousand feet—it is almost forty-five hundred feet.

Q. Almost forty-five hundred feet. While we are at it, application has been made to the Department of Railways and Canals for conveyance of the dyke—the Hungry Bay dyke—to the Beauharnois Company of land of a width somewhat in excess of forty-five hundred feet. I figured it out the other day with Mr. McLachlan at nine thousand and some odd?—A. I do not recall the exact length of the roadway for which the application has been made; but it is the intention of the company at any rate to try and get it from the intersection of the old St. Louis pier down to the location of the new one.

Q. The location of the new what?—A. The new diversion, the St. Louis diversion. Practically, I mean, within the limits of the property which the company owns.

Q. Meaning thereby that the company does own land very much in excess of the width of the actual canal?—A. Oh, yes; that land was purchased because of the large quantity of material which was required to be disposed of by hydraulic process.

Q. I suggest also, in view of possible industrial development?—A. Yes of course.

Q. It is hoped, I understand, that this land will become quite valuable?—A. Yes, quite.

Q. That is, when it has the 1,600,000 h.p. developed. Of course, it cannot become very valuable under present conditions?—A. We are in the process of making ground out of it.

Q. But, industrially, of course, it would depend upon the development of power in excess of 500,000 h.p.?—A. Well, that is correct; yes.

Q. Because your contracts already call for 400,000 h.p.?—A. Right.

Q. And which are not for utilization upon the ground?—A. That is right.

Q. Could you give us a rough estimate of the amount of land owned by the company outside of the embankments?—A. The total amount of land is in the vicinity of 28,000 arpents. An arpent is slightly less than an acre.

Q. 41,000 square feet?—A. 39,000 odd square feet. I think that the amount of land required outside of the embankments is in the vicinity of 9,000 acres, and that is simply from memory. I am subject to correction.

Q. It seems to me I have seen some figures on that?—A. That is as near as I can remember.

Q. That is near enough for my purpose at the present time. Then you spoke about the new St. Louis Feeder. Would you indicate on the map where the present St. Louis Feeder is?—A. The new St. Louis Feeder commences from a point approximately 7,300 feet from the intersection of the north embankment of Hungry Bay dyke.

Q. That is the north side of the north embankment?—A. No it is the centre line.

Q. And where is the new St. Louis feeder?—A. That is the new one I was speaking of.



Q. Where is the old one?—A. The old one was approximately 3,000 feet from the centre line of the north embankment.

Q. In a north easterly direction?—A. In a north easterly direction, yes.

Q. 3,000 feet; and what was the other?—A. The other was 7,300 I think.

Q. So that the actual entrance of the feeder—from the old to the new—is a distance of about 10,000 feet?—A. 10,000 feet approximately.

Q. Ten thousand feet southwest?—A. Ten thousand feet southwest.

Q. And there is at the entrance to the old feeder, some sort of head gate?—A. Yes, a head gate there.

Q. And has the new feeder been actually constructed?—A. The new feeder has been constructed.

Q. And is there a head gate there?—A. There is a head gate there.

Q. And under what authority?—A. There is no authority for the construction of that head gate. Application has been made for the substitution of this new one for the old one.

Q. Then, I take it the Beauharnois company without authority from anybody, has changed the location of this feeder, as indicated by you?—A. Yes, sir.

Q. And breached the dyke?—A. Yes.

Q. When was that done?—A. Hungry Bay. I would not give you the precise date; it was sometime during the fall of 1930, I should think.

Q. May I take it that the water, which now supplies the power for whatever small industries there are on the St. Louis river, is now being taken through the new feeder?—A. Yes. I do not think there is any power really. I am not quite certain about that; it is a small quantity of water.

Q. The actual capacity is about 1,000 c.f.s.?—A. About 200.

Q. Not a thousand?—A. I do not think so.

Q. No larger than the older feeder?—A. It is supposed to be the same dimensions.

Q. I know, but I would like to know what it is.—A. The maximum—

Q. I wonder why we were not shown that when we were down there the other day?

Mr. JACOBS: We were not looking for 200 feet, we were looking for 200,000 feet.

The WITNESS: The dimensions of that feeder were decided upon after discussion with the Department of Public Works.

Q. Who in the Department of Public Works?—A. Well, Mr. Cameron and Mr. Coutlee.

Q. Just before you get through with that, you say "decided upon." You were, as a matter of fact, doing something which was not authorized by any public authority, were you not?—A. Yes, sir.

Q. Did I understand you to say that that was decided upon?—A. It was decided to do that—

Q. After discussion with Mr. Cameron and Mr. Coutlee?—A. Well, I won't go so far as to say to break through Hungry Bay dyke. I was talking about the dimensions of the canal, the new feeder. The dimensions of the new feeder, and the diversion of the St. Louis river, was, you see, about 5 miles from the St. Francis—

Q. Well, now, put it this way; is it expected that Mr. Cameron will report favourably upon this change?—A. I see no reason to believe that he will not.

Q. Why? Because of the discussions that have taken place, is that why you say that?—A. Because the physical conditions, the dimensions and its relation to the canal, its relation to the industries which are below here, are such as to justify approval.

Q. Why not use the old feeder?—A. The old feeder could not be used because the canal goes clear across it, and will be interfered with by embank-

ments; its course will be interfered with by two embankments which was necessary to make this diversion.

Q. You have lots of water, why not take it from the canal in the St. Louis river?—A. Well, if you did that, of course, you would interfere with construction development, for one thing.

Q. How?—A. The only water in the canal was water required for hydraulic process, hydraulic handling of materials; it is within the 2,000 feet.

Q. This not only affords a permanent withdrawal from the river of the amount of water originally authorized to be taken from the feeder, but in addition to that I might say it permanently provides for the withdrawal of that amount of water, whatever it is.—A. The object of the company in building that new feeder was to replace, as far as it was possible to replace, the condition which obtained from the old one.

Q. But it does provide permanently for the withdrawal of the original amount, of the amount originally authorized through the feeder?—A. Yes, because there are some interests on the St. Louis river who have got to be looked after.

Q. Is all the water presently being utilized for your hydraulic purposes?—A. The water coming through the new feeder is not being utilized for hydraulic purposes.

Q. The present water from the old feeder is— —A. Perfectly small amount of water coming through the old feeder into the channel, which has been dredged, and is being used for the purposes of supplying the water necessary for this hydraulic purpose.

*By the Chairman:*

Q. Is that water carried across the dyke, Mr. Henry?—A. The water is not carried across; there is an opening in the dyke.

Q. It is carried through in pipes?—A. No, the channel has not been closed yet.

Q. The Hungry Bay dyke?—A. There is a gate, a gate has been installed there.

Q. You dug underneath the roadway?—A. Dug through the roadway.

Q. And it is bridged?—A. Just a little bit; there is a bridge across, yes.

*By Mr. Jacobs:*

Q. Was that work recommended by Mr. Cameron for approval by the Minister?—A. Well, Mr. Cameron couldn't recommend to cut through the Hungry Bay dyke.

*By Mr. White:*

Q. So, you just did that?—A. I quite admit that.

*By Mr. Jacobs:*

Q. What did Mr. Cameron recommend?—A. Well, Mr. Cameron looked over the plans that we submitted, of the dimensions of the canal, and I believe he submitted those plans of the river to Mr. Coutlee to determine whether the dimensions of the canal were sufficient—

*By Mr. White:*

Q. Not too sufficient?—A. Not too sufficient. We wanted to be governed in that connection by the desire of the department.

*By Mr. Jacobs:*

Q. Who was the government engineer, the resident engineer in charge?—A. At the moment the government engineer in charge, the supervising engineer, is Mr. Hand, originally it was Mr. Dansereau, and I think Mr. Denis.

*By Mr. White:*

Q. Before we leave this question of the diversion of the old river, might I point out to you paragraph 71 of the report of the Committee of Engineers, on page 19 of my copy.

Mr. FORSYTHE: Full diversion project, Mr. White?

Mr. WHITE: It is entitled Full diversion project, and it reads as follows:

The Beauharnois Company's application suggests that all the power resources of the Soulanges section might be developed by means of a progressively enlarged overland canal from Hungry Bay to Melocheville, the first stage of which would be the diversion and development of 40,000 c.f.s. at Melocheville. A project of this nature has been laid out according to the standards adopted. It has a capacity of 240,000 c.f.s. under winter conditions.

Now, 240,000 c.f.s. is a much larger quantity than we estimated a moment ago? A. Well,—

Q. Have you anything to say about that?—A. A large private company dealing with a problem of this kind, naturally in the first instance, at any rate, we would not take at least a flow under winter conditions of 240,000 c.f.s. for a great many years, because—

Q. No, that is hardly the point. All that interests me is the fact that the report seems to say that your plans called for—A. 240,000 c.f.s.?

Q. Yes, under winter conditions, "and in this way it is comparable to the other projects described above"?—A. Well, that seems to be the result of analysis made by those three engineers.

Q. Do you agree with that figure?—A. 240,000?

Q. Yes?—A. No, I do not think I would.

Q. Perhaps you would clear that up sometime?—A. I will try to. At that time the canal was 4,000 feet wide at the bottom.

Q. No?—A. Was it not?

Q. No?—A. I think so.

Q. 3,900? "In the central portion, there would be a wide open channel 27 feet deep and 3,900 feet wide. What I wanted to get at is, whether in the original application as reported upon by those engineers, the objective was, at least provisions was made in the plans, for a canal of sufficient size to take 240,000 c.f.s. at a velocity of  $2\frac{1}{4}$  feet per second?—A. I think perhaps a 4,000 foot canal, 27 feet deep, would do that; I would have to check that up.

*By the Chairman:*

Q. Was it in anticipation ultimately getting that flow of the river with the south bank to be fixed where it was—A. No doubt about that.

Q. There seemed to be a great doubt in the mind of Mr. Cameron, and Mr. Hunter, about that?—A. No doubt in the world, Mr. Chairman.

Mr. WHITE: Then, coming to paragraph 72 of this same report, this is an interesting statement in view of what you said. It says, "In this project, it is assumed that each step would put 80,000 c.f.s. to use for power. It is also assumed that the Cedar Rapids plant would be put out of commission at the beginning of the second stage"?—A. Well, as to that, Mr. White, I will give this explanation; the design of the power house itself as originally contemplated, was such as to permit of the tailrace excavation, the power house excavation and the construction of the frame work of the power house, so that it would be capable of taking 80,000 c.f.s. per unit. That is what the capacity of this plant will be when all the machinery is put in.

Q. 80,000 feet for the first stage?—A. That is to say, the power houses—we are looking at this from the standpoint of power.



Q. It says, "In this project it is assumed that each step would put 80,000 c.f.s. to use for power?"—A. That was the construction placed upon the plans by the Board of Engineers.

Q. By the committee of engineers?—A. By the committee of engineers. Back of the minds of the engineers who designed this project, was to build a power house which, after all, is one of the controlling features in it, in three separate units. That was for convenience.

Q. Quite so.—A. It was estimated that the power house, construction of the tailrace and power house excavating, could be most economically done that way.

Q. Do I understand that the first proposition was to make the first stage 80,000 c.f.s.?—A. Yes; that is the power house capacity itself.

Q. And the second stage 80,000 c.f.s.?—A. Yes.

Q. That would be a total of 160,000 second feet?—A. Yes.

Q. Then, it says,

It is assumed that the Cedars Rapids plant would be put out of commission at the beginning of the second stage.

That is, with the use of 160,000 second feet contemplated, the Cedars Rapids plant would be put out of commission.—A. That, of course, depended entirely upon the result of negotiations of the Montreal Light, Heat and Power Company, the physical facts of the availability of water in the river to those are these. The Montreal Light, Heat and Power Company has the right to use during 12 months of the year, 56,000 c.f.s. and during the season of closed navigation, another nineteen. The Canadian Light and Power Company have the right to use something, an undetermined amount of water, say 6,000 cubic feet a second, and they required for this development down here, and the operation of the Soulanges canal perhaps another 4,000, that would be my guess about it. Now you have got 76 plus 6 plus 4—75 rather—you have got 85,000 c.f.s. that somebody else has got, and that the company would have to negotiate for.

Q. I think it would be more advantageous for the purposes which I have in mind, if you would confine your mental processes to the Cedars Rapids process.—A. Well—

Q. I mean, that is the way my mind is running.—A. It was apparently the opinion of the engineers that you would not necessarily have to close down the Cedars plant until the third stage was reached.

Q. The third stage of what?—A. The third 80,000.

Q. That is not what they say, Mr. Henry. They say,

It is also assumed that the Cedars Rapids plant would be put out of commission at the beginning of the second stage.

A. I do not believe that that is correct.

Q. That is what they say. You do not agree.—A. That is not my opinion. As a practical proposition, it may result that way, but I would doubt it.

Q. At any rate, what they meant to do was, when the 160,000 c.f.s. are used in the canal, the Cedars Rapids plant would be put out of commission.—A. That is what they meant.

Q. At the beginning of the second stage?—A. Well.

Q. That is, after 80,000, the first 80,000.—A. The first 80,000.

Q. In other words, may I put it this way; that when anything in excess of 80,000 c.f.s. is used, they meant that the Cedars Rapids plant would be put out of commission.

*By Mr. Lennox:*

Q. At what stage do you think it would be; would it be the beginning of the second, or the beginning of the third?

*By Mr. White:*

Q. If you will allow me, Col. Lennox, you say they are not developing in stages of 80,000 c.f.s. The first development contemplates how much, according to the power house.—A. 80,000.

Q. Oh, it is. I was wrong about that.

*By the Chairman:*

Q. Did you contemplate drawing off 80,000 as soon as you turned.—A. No, we contemplated drawing off nearly 53,000 and 72. That is all we have authority for.

*By Mr. White:*

Q. What would happen in the world if 53,000 and 73,000 go through?—A. That I cannot say.

Q. How do you propose to regulate it with that degree of nicety.—A. Well, I should expect that the Department of Public Works or some other regulatory authority would station a man down in the works to see that they didn't draw off any more.

Q. That is going to cost something. Are there means by which the water can be measured with that degree of curious nicety?—A. In the first place, you have got an outlet or an intake which will be approximately the dimensions required, that will be 757 feet wide at the bottom, I think, the break through Hungry Bay dyke will be 750 feet wide.

Q. In order to give you a minimum of 50,000 c.f.s.—when I say a minimum, I mean 50,000 c.f.s. at low water.—A. Well,—

Q. They will have to give you an opening which will take more at high water?—A. The velocity will be lower; but, in practice, what will happen is this: that the proper governmental authority will send an officer down to the plant to learn what the characteristics of that plant are, and they will do what we call calibrate. They will calibrate the power and the flow will be regulated in accordance with our demand on the one hand and the calibration curves on the other.

Q. How will it be regulated?—A. The government will have control of the gate openings.

Q. In other words, it will require government men to be constantly on the job there?—A. I would think that it would be desirable to have one.

Q. The fact remains, that unless the gate openings are controlled in that way at times an amount of water considerably in excess of 53,072 cubic second feet could be utilized?—A. Well, it does not make any difference what kind of gates you have got, they have got to be regulated.

Q. I appreciate that, but am I correct in the statement I make, that unless there is regulation of the character which you indicate the works are capable of utilizing water in excess of 53,072 cubic second feet?—A. Oh, yes.

*By Sir Eugène Fiset:*

Q. What excess?—A. Well, they will be capable of using 8,000.

Mr. CANNON: The provincial lease provides for the flow being checked.

*By the Chairman:*

Q. Your power plant has been built for that capacity?—A. The power plant is designed so that it could pass 80,000 cubic feet a second.

*By Mr. White:*

Q. At 2.25 feet velocity per second?—A. Yes, right.

*By the Chairman:*

Q. And will the channel as presently contemplated, carry more than that?

—A. That depends entirely on the opening.

*By Mr. White:*

Q. But that opening will have to be wide enough to give you a maximum of 53,072 cubic feet at the lowest water?—A. At low water, quite right. Its capacity would be greater than that at high water if the velocity were 2.25 feet per second.

Q. If you are drawing off more the velocity increases, does it not?—A. If you utilize more at the low stage that 53,000 cubic feet, your velocity at some point—of course, the velocity is also affected by the fact that you have got a large area here down at this end (indicating on plan).

Q. The point is, if your velocity is increased you can utilize through a gap in the dyke sufficient to take 53,072 cubic second feet at low water, at a velocity of 2.25 feet per second; if you increase the velocity you can use much more water?—A. Oh, yes.

Q. And if you do you do increase the velocity?—A. Yes.

Q. So that it becomes a matter entirely of the regulation of your gate openings?—A. Yes, of course, the same condition obtains at Niagara. There does not seem to be any difficulty there in regulating the flow.

Q. I am not suggesting there is any difficulty, Mr. Henry.—A. It is entirely a matter of control.

Q. Of gate control?—A. Gate control.

Q. And that is a matter of fixing the gate openings.

*By the Chairman:*

Q. Mr. Henry, supposing the breach in the Hungry Bay dyke was the total width of the navigation canal without any control of any kind—

Mr. WHITE: You can control at the head.

*By the Chairman:*

Q. Yes, particularly at Lake St. Francis. How much water is the canal capable of carrying through.—A. Well, at 27 feet deep it is capable of carrying approximately 200,000 cubic feet a second provided you excavate at 3,000 feet—

Q. I mean the present canal, the 600-foot canal.—A. Oh, the present canal. If you merely breach the dyke and do not do anything else you would only have perhaps a foot of water trickling over this.

Q. If you breach the width of the navigation canal.—A. Oh, I see, the width of the navigation canal.

Q. And let the water come in, without control?—A. It is somewhere between 42,000 and 45,000 cubic feet per second. You mean without any control here.

Q. Without any control at the 2.25 feet per second?—A. At 2.25 feet per second it is capable of carrying between 42,000 and 45,000 cubic feet per second.

*By Mr. Lennox:*

Q. That is, 600 feet on the bottom?—A. 600 feet on the bottom, with slopes of 3 to 1.

Q. And you purpose having it 750?—A. Well, I might explain that.

Q. On the bottom?—A. Yes, for the 53,000.

Q. Yes?—A. The Department of Public Works under the Order in Council only have authority to grant an opening which will take 40,000 cubic feet a second, and if there was no navigation limitation they would fix the width at the bottom here slightly less than 600 feet; but on account of the 600 feet being navigation conditions it means that they are 600 feet wide.



*By Mr. White:*

Q. What I cannot understand, Mr. Henry, is if the Department of Public Works, or the Public Works Departmental engineers take the position that they have only authority under the Order in Council to permit you to breach, or to put works at the intake which will permit the withdrawal of 40,000 cubic second feet, how they are going to design those works, or consent to the introduction of them there to the extent of 53,072 cubic feet?—A. Well, as a practical proposition, Mr. White, the operation of the power plant here, having regard to the contracts which we have already signed, necessitates an initial diversion of something in the vicinity of 15,000 cubic feet a second, and the contract requirements will increase from year to year. It won't be until the fifth year, or 1935 rather, that you will get beyond the 40,000 cubic feet on the present contract, and it is the company's desire and intention to, at the proper time, make an application to the Department of Public Works—

Mr. WHITE: Dear knows what kind of a government we might have then. Mr. Gardiner might be Prime Minister.

The WITNESS: —for the right to divert that 13,000 cubic feet a second. It happens to be a progressive proposition, and it is not particularly important at the moment to concern ourselves with that.

*By Mr. White:*

Q. It is sort of putting off the evil day?—A. Well, it all takes time.

Q. Here you have the position, Mr. Henry, which seems to me important, that you have Mr. Cameron, Chief Engineer of the Public Works Department, taking the position that under the Order in Council he has only the right to permit you at the inlet of your canal to breach this dyke—not to breach the dyke at all but to recommend works there which will permit you to withdraw from the river 40,000 cubic second feet. Your rights apparently, certainly according to the intention of the company, are 53,000 cubic second feet?—A. Right.

Q. So that it will be necessary for you to get the consent of somebody when you come to the point of exceeding 40,000 cubic second feet for additional or further works at the inlet of the canal?—A. Our expectation would be in the normal course of events to have all that cleared up before any water is diverted whatever, and I was just indicating—

Mr. WHITE: Hope springs eternal in the human breast.

The WITNESS: It does not make very much difference from the operation of the power plant if it took years.

Q. Continuing for a moment, your application, of course, was to breach the dyke to the full width of the canal at the entrance from Lake St. Francis?—A. I would not so construe the application.

Q. I do. Wherein am I wrong about that?—A. Well, as a practical proposition it would be a foolish thing to do, to breach the dyke from between those limits.

Q. Between the limits of the embankment, you mean?—A. Of the embankments, yes, with only 53,000 cubic feet a second it would be rather a foolish thing to do.

Q. Why? It would permit the water to enter at less velocity and there would be less scouring?—A. You involve yourself in more work than is justified.

Q. What kind of work?—A. Excavation.

Q. Oh, I see. Then you propose to excavate?—A. As it is necessary.

Q. In stages?—A. Absolutely.

*By the Chairman:*

Q. Until you finally arrive at the total excavation between the banks as presently located, and then you extend your plant as you exceed the power capacity at Melocheville and Lake St. Louis in order that you can utilize all the water?—A. Right.

The CHAIRMAN: I commend you for your frankness anyway, Mr. Henry.

*By Mr. White:*

Q. You at one time I understand, Mr. Henry, were employed with the Canadian National Railways?—A. I was.

Q. In what capacity?—A. Director of the Bureau of Economics.

Q. And when did you leave the Canadian National Railways?—A. March 10, 1930.

Q. I see. And you then became Deputy Minister of Railways and Canals?—A. No. I became Deputy Minister of Railways and Canals on, I think it was, the 14th of February, 1929. I acted in a dual capacity.

Q. Let me get that date again that you became Deputy Minister of Railways and Canals?—A. It was February 14, 1929. I am speaking there from memory also, Mr. White.

Q. And how long did you continue to be Deputy Minister of Railways and Canals?—A. Until March 10, I think approximately March 10, 1930, practically the day I joined the Beauharnois.

Q. A year and month in the Department?—A. Yes.

Q. And then you became General Manager of the Beauharnois Company and the subsidiaries which you have indicated in your evidence?—A. Yes.

Q. You know Senator McDougald?—A. I do.

Q. How long have you known him?—A. I do not know that I can fix the precise date, but I should say it was some time after he became Chairman of the Harbour Board of Montreal.

Q. And is that at a time when you were with the Canadian National Railways?—A. I was then with the Canadian National Railways. No. I was then with the Department of Railways and Canals.

Q. As Deputy Minister?—A. No, no. I was Special Engineer with the Department of Railways and Canals.

Q. I see. You had been with the Department of Railways and Canals previously to your joining the Canadian National Railways?—A. I joined the Department of Railways and Canals in 1912 as Inspecting Engineer of Railways and Structures.

Q. And you continued with the Department of Railways and Canals in various capacities?—A. In various capacities, yes.

Q. Until you joined the Canadian National Railways?—A. In 1923, yes.

Q. And I asked you about when you first became acquainted with Senator McDougald?—A. As near as I recall, my first acquaintance with Senator McDougald dated some time in 1922. It related to a committee that I was on known as the Grain Elevator Committee. I think it was about the time that Grain Elevator Committee was functioning that I met him.

Q. Yes. And had you done any work in connection with this Beauharnois project, or any Beauharnois Power project before the year 1925?—A. I had looked over the Soulanges section before 1925.

Q. At whose request?—A. At my own request.

Q. And for what purpose?—A. Well, with a view to seeing whether the power developed in that section of the river was then commercially feasible.

Q. And what was your interest in it?—A. Well, it was a personal interest.

Q. Purely personal?—A. Personal interest.

Q. Did you discuss it with any person else at that time?—A. Oh, yes. I discussed it with Senator McDougald.

Q. I see. As early as when?—A. Oh, I would say as early as the fall of 1923.

Q. And you were then still with the Department, were you?—A. No, I joined the Canadian National Railways on March 1st, 1923. It was not while I was in the Department.

Q. I see. It was while you were with the Railway?—A. While I was with the Railway.

Q. And what was his interest in it at that time?—A. His interest in it was that he backed me.

Q. He backed you?—A. Yes.

Q. In what?—A. Backed me to the extent of being willing to finance me.

Q. Oh, I see. With what in view?—A. With the possibility of developing power in that section of the river.

Q. I do not want to put this at all unfairly to you, Mr. Henry, and please do not adopt my language unless you consider it appropriate and apt; but do I understand that you and Senator McDougald were interested in the development of a power project in the Soulanges section of the St. Lawrence river as early as 1923.—A. I might say that the idea occurred to me, and as I had met Senator McDougald I asked him if he would support me financially in a project if after investigation it turned out to be feasible, in my opinion. I will put it that way.

Q. When I say Senator McDougald, I mean Senator Wilfrid L. McDougald. Then, for what period of time did he finance you?—A. The financing of it could not involve a very great deal. It involved making such engineering investigations that I did not have time to make myself, extending over, perhaps, a period of six months.

Q. And at that time, I take it, you were with the Canadian National Railways?—A. I was.

Q. And naturally the bulk of your time was employed there?—A. Oh, yes; practically all of the time. This was merely a hobby on my part.

Q. And as early as that you had conceived the idea in your mind that you would like to be connected with such a project?—A. Well, the circumstances about that might be described in this way. In 1921 it happened that the International Joint Commission had made their report, and as a result of that report I studied the engineering side of it—that is the Wootten-Bowden report—and I got the idea from studying that and going over the ground once or twice that the Soulanges section presented a site for the development of power which might be interesting.

Q. And having conceived that idea, and having had your interest kindled in the matter, you broached it to Senator McDougald, and, as you say, he financed the expenses in connection with it over a period of six months or so?—A. Yes, I should say.

Q. Then, following the expiration of the six months, what happened?—A. In the interval, or sometime during the six months, the situation had changed to the extent of the International—or rather the government adopting one of the recommendations made by the International Joint Commission.

Q. The Dominion Government?—A. The Dominion Government, and the American Government too, in appointing an enlarged Engineering Board to study the engineering features of the complete St. Lawrence. I knew that it would be impossible to develop any power on the St. Lawrence River—that is between Montreal and Lake Ontario—until that report of the enlarged board came in; so I simply put it aside for the time being.



Q. That report came in when?—A. The report came in, I should say, in 1926.

Q. November 16, 1926. And then what?—A. Well, when that came in I thought the thing over again—when that came in I think I took quite a considerable interest in it.

Q. Yes, naturally?—A. Owing to the legal position of the provinces and the Federal Government on the question which was under review, nothing was done.

Q. That legal position was under review even in 1921, I presume?—A. The legal position was under review in 1921 and in 1923, but I did not pay much attention to it until 1923. The position looked to me as a layman as if the Federal Government might have in mind developing the whole St. Lawrence on some kind of an arrangement with the United States, and later on it seemed as if there was a change in that general sentiment.

*By the Chairman:*

Q. I assume in 1923, Mr. Henry, you recognized that there would be certain difficulties in developing power in the Soulanges section?—A. Yes, unquestionably.

Q. Not only mechanical but political?—A. Political, absolutely.

Q. And I suppose when you interviewed Senator McDougald you had that in mind too?—A. Well, I do not know that I had that in mind at all. I think I had in mind only getting a little financial support in 1923.

*By Mr. White:*

Q. Then following 1926, after the report of the Joint Board of Engineers was published, did you discuss that with Senator McDougald?—A. Oh, I think I did.

Q. I see. And did he appear to be interested in it at that time?—A. Well, when that report came in, of course, it caused a lot of discussion.

Q. Naturally?—A. And I am frank to tell you that I did not know what the situation was.

Q. Of course, nobody did; the Supreme Court did not?—A. All I could say about it—

*By the Chairman:*

Q. You don't know now?—A. I don't know that I do.

*By Mr. White:*

Q. What was your next connection with this project?—A. You mean with the Beauharnois project?

Q. Yes. I mean generally. I did not mean direct connection necessarily?—A. The next—following 1926, I cannot remember very much about it for a year or so, because everything was then in a maze. I knew generally that there were discussions on it—

Q. Did you make any further investigations before 1929?—A. I did not make any further investigations before 1929.

Q. When did you first learn that the interests of the Robert heirs had been purchased by Mr. Sweezey?—A. Oh, offhand I would say it was sometime in the early part of 1928. I had not met Mr. Sweezey until, perhaps, the middle of the summer of 1928.

Q. I was going to say when was that pleasure accorded you?—A. I knew something of his activities indirectly—

Q. And during, of course, all of this time you had at least an academic interest in this project?—A. Yes.

Q. Did you meet him in the summer of 1928?—A. I think so, yes.

Q. And discussed the question with him?—A. Yes. Not to any great extent.

Q. Its feasibility?—A. I do not know that I discussed its feasibility. I already knew of my own knowledge that the scheme by the south shore was feasible. I do not think I discussed the feasibility with him.

Q. Did you discuss some of the difficulties to be encountered, legal or political?—A. Well, I think I might have discussed with him the question of the provincial side of it versus the federal. I am not sure that I even did that.

Q. What was the discussion? What did you and he talk about?—A. I was interested in the development of that section of the river.

Q. I know. You have always been interested in it since 1923, you have told me, and he has been interested in it to your knowledge at least since 1928, and I would suppose that two people meeting on a project of such importance and in which they were both interested would have a good deal to say about it.

*By the Chairman:*

Q. At this interview was Mr. Sweezey interviewing you, or were you interviewing Mr. Sweezey?—A. I do not recall that I can answer that even. I might explain, Mr. Chairman, that I was really looking for all the information I could get on everything that was going on in that section of the river.

Q. I think it is fair to assume that Mr. Sweezey was doing likewise?—A. I imagine so.

*By Mr. White:*

Q. Both were earnest seekers after knowledge?—A. Both were earnest seekers after knowledge.

Q. And with the ultimate object of taking some part in the development of the project so far as you are concerned?—A. As far as I was concerned, I was thinking of the investigation I had made, well, previously in 1923, to see if there was any use in resurrecting the knowledge which I had then acquired.

Q. Any use? You mean something that could be put to practical use?—A. That would perhaps be a way of expressing it.

Q. And I assume with some benefit to yourself?—A. Naturally.

Q. In other words, may I put it frankly this way: that you were very interested in joining the project if it went ahead?—A. In which?

Q. In joining with those who might go ahead with the project?—A. I won't go so far as to say that I was interested in joining in the sense that I am now joined, but I was interested in the project, perhaps, and the feasibility of joining.

Q. And with the hope of making financial gain for yourself?—A. Quite so.

Q. And was it with that object that you interviewed Mr. Sweezey?—A. Well I think it would be perhaps better to put it another way.

Q. Let us put it your way?—A. I rather wanted to see just how Mr. Sweezey was going at the project with a view to determining whether I might like to take an interest in it, or something of that kind.

Q. When you say interest you mean financial interest?—A. Yes.

Q. And then how did you learn that Mr. Sweezey had purchased the Robert rights?—A. How did I learn? I think old Mr. Robert himself came in to see me one day and told me that Mr. Sweezey was interested in it.

Q. And did you learn who else was interested, if anybody, after that?—A. I learned in a general way. I had no direct knowledge of it.

Q. Who else?—A. I believe Mr. Jones was one of them.

Q. Frank P. Jones?—A. Frank P. Jones, Mr. Sweezey. I believe those were the only people I knew positively were interested in it at the time.

Mr. WHITE: It is a question of hearsay evidence, Mr. Chairman, to a great extent, and I do not want to press the matter beyond that. Perhaps I could put it another way.

The CHAIRMAN: Well, go ahead.

*By Mr. White:*

Q. Did you interview Mr. Jones at this time?—A. I do not think so. I do not recall having interviewed Mr. Jones.

Q. At any time?—A. Oh, not until later than that.

Q. But so far as your information goes from which you would care to speak positively, these were the two persons who at that time you knew to be interested?—A. Yes.

Q. And when you say interested, I assume that you mean interested in obtaining such rights and doing such things as would enable them to build the canal?—A. Yes.

Q. The primary object, I assume would be the power project?—A. Oh, yes.

Q. Was that your idea?—A. Absolutely.

Q. In other words, may we take this as your frank statement, that from first to last your interest in the matter has been from the power standpoint?—A. Unquestionably.

Q. And may we take it that so far as the object of Mr. Sweezy was disclosed to you, that he had the same object?—A. I don't know that I discussed the object with him, but that was my assumption at any rate.

Q. Does that same thing apply to Mr. Jones?—A. Undoubtedly.

Q. In your earlier discussion with Senator McDougall, did that seem—  
—A. As far as I was concerned—

Q. As far as he expressed himself to you and financed your investigation, was that with the object— —A. From a power point of view.

Q. You say you discussed this thing in the summer of 1928. An application was made—

*By the Chairman:*

Q. When you had this interview with Mr. Sweezy, I presume you would tell him of your earlier interests in the project?—A. I don't know that I did. I would not be willing to say that I did.

Q. I remember from your evidence, Mr. Henry, that by reason of Senator McDougall's interest in the scheme as made before him by you—his having spent some money in it—that you did not or would not disassociate yourself from him at the time you had your interview with Mr. Sweezy?—A. Well, I think that it might be a fair statement for me to make to say that in my discussions with Mr. Sweezy I had in mind, personally, the previous investigations which I had made, and the possibility of their fitting in with what Mr. Sweezy had in mind. I think—perhaps—

Q. It would be natural, I think, to suppose that if you made headway with Mr. Sweezy that you would tie Senator McDougall into the picture, so you would not be in a position of having cast him adrift?—A. Well, that probably was in the back of my mind.

*By Mr. White:*

Q. Did it come to the front of your mind and find any expression in your discussion with Mr. Sweezy?—A. Well, on that point I think it would be fair to say this, that I was not sure in my mind that the project Mr. Sweezy had in mind, and the manner of it, was such that I would like to subscribe to. I was keeping my ears open and my mouth shut.



Q. What was wrong with the Sweezy matter in the summer of 1929?—A. I do not know that there was anything particularly wrong with it. I did not know; that was all.

Q. I understood you to say now that his plans were such that you did not care to be associated with him?—A. No. I said, in my approach to him, I had in mind the reservation that I might not want to. I was looking for information as to what he had in mind.

Q. Did you know that he had made an application to the Dominion Department of Public Works?—A. I knew that he had made an application to the Department at Quebec; I do not know that I knew anything about the application to Ottawa.

Q. You have since learned, of course, that the first application was made on the 18th of January, 1928, which was some five or six months before?—A. I might say that Mr. Sweezy did not give me very much information.

*By the Chairman:*

Q. It is fair to say, in this interview between you and Mr. Sweezy, there was a good deal of quiet fencing going on?—A. There was.

Q. You were trying to get his mind and all he knew, and he, in turn, was endeavouring to pump you dry?—A. Probably.

Q. Neither was willing to give up until there was a showdown. However, it is past one o'clock.

Committee adjourned at one o'clock until 2.30 p.m.

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On resuming at 2.30 o'clock.

Mr. WHITE: Mr. Henry has had quite a session this morning. Mr. Jones is here and is very anxious to get back to Montreal.

Mr. STEWART: I should like to ask Mr. Henry a question, if I may.

The CHAIRMAN: Yes.

Mr. HENRY, recalled.

*By Mr. Stewart:*

Q. Mr. Henry, the navigation canal is 600 feet wide and 27 feet deep. Now, you are going to increase that canal to 750 feet.

The CHAIRMAN: The dyke.

The WITNESS: Yes.

*By Mr. Stewart:*

Q. 750 feet. What will be the water—A. Well, that would vary, and it would really depend upon the slope—

Q. Approximately?—A. Right at that point—I think I will give you that in a second.

Q. Supposing you breached the dyke 750 feet at the bottom, and you have it 27 feet deep?—A. Yes.

Q. Will that give you provision to enable you to develop full power at your power house, of 80,000 c.f.s.?—A. No, no, only 53,000.

Q. Before you can develop your 80,000 c.f.s. you will have to enlarge the dimensions at the dyke?—A. Yes. My observations this morning were in reference to the description given of the company's intention by the committee of engineers. I believe that in the plan then submitted, the power house and the tailrace arrangement was intended to be on the basis of providing for three 80,000 units, but the 750 width at the bottom will not take the 80,000 cubic feet; that would take 53,000.

Mr. MONTGOMERY: What about the power house?

Mr. MACKENZIE: That is eighty, is it not?

The WITNESS: At the top; that would be 1,014 wide at the top, where it comes through Hungry Bay dyke.

*By Mr. Stewart:*

Q. Then, when you want to have an extra 30,000 odd per second, you will have to enlarge the breach in the dyke?—A. We will have to enlarge the brach in the dyke.

Mr. MONTGOMERY: And the power house?—A. The power house, the power tailrace, of course, would have to be enlarged, yes.

*By Mr. Stewart:*

Q. The power house is now ready—A. There would have to be put in two more units to do that, but the power house would be there ready for the installation.

Q. 80,000 cubic feet?

The Witness retired.

FRANK P. JONES, called and sworn.

Mr. WHITE: I am asking my learned friend Mr. Morin to open the examination of Mr. Jones, Mr. Chairman.

*By Mr. Morin:*

Q. What is your present occupation, Mr. Jones?—A. Manufacturer.

Q. I understand you have been president of the Canada Cement Company?

—A. I was president of the Canada Cement Company.

Q. When did you leave them?—A. I must have left them in 1926 or 1927.

Q. What are you manufacturing?—A. Glass bottles.

Q. What is the name of your firm?—A. The Consumers' Glass Company, Ltd.

Q. I am informed that you have been interested in this project for some time?—A. I was.

Q. When did you begin to be interested?—A. My first—I have always been interested, as long as I can remember. The first active interest really was about 1927. I think it was about a year after I left the Cement people—I must have left the cement people in 1926.

Q. 1927?—A. Yes.

Q. Before this, had you made any enquiry about this project?—A. I had not made any definite enquiries; always knew the river was there, and knew there was different levels; and I think the only man I ever discussed it with from an engineering standpoint, was Mr. Kerry, of Smith, Kerry and Chase.

Q. An engineer?—A. An engineer.

Q. Did you know Mr. Sweezey before?—A. Did I know him?

Q. Yes?—A. Personally?

Q. Yes?—A. Yes, slightly.

Q. You had not been talking—A. No business connection or any talk with him.

Q. How did it happen that you became interested in the deal?—A. Well, Premier Taschereau made a speech in which he said that he was very anxious that copper should be electrically refined in Canada, and that if anybody was prepared to build such a plant, he would lease to him the power; so I saw Mr.

Taschereau, and I asked him if he meant that. He said he did. I said, "All right, I am prepared to form a company, if you lease us the power, and undertake to build an electrical refinery for copper."

Q. At that time, did Mr. Taschereau mention the Beauharnois company to you?—A. No. Then, he said, all right, here is certain power, up north, I think it was, which we would be prepared to lease to you. Well, I said, "It would not be satisfactory. If you are going to put up an electric refinery for copper, and put four or five million dollars in it, you want to have it located in a proper place, if it was going to be any good to myself or to the country." And it was not only for the known then existing mines, which were practically in Noranda in Quebec, but mines that might be discovered, and it also ought to be on the way for western copper. In my opinion the logical place to have such a plant was Montreal or vicinity, and that I would want the power available between Lake St. Francis and Lake St. Louis.

Q. Before that day, you had not met Mr. Henry?—A. Oh, I had met Mr. Henry years ago.

Q. About this?—A. No, absolutely no. I had met nobody about that. I always knew the power was there and I talked with Kerry of Smith, Kerry and Chase about what engineering difficulties may be encountered.

Q. Who brought you in contact with Mr. Sweezey?—A. Well, when I—Mr. Taschereau said there already was an application in, and I asked him who, and he said a group headed by Mr. Sweezey. I then saw Sweezey and we amalgamated, so to speak.

*By the Chairman:*

Q. What did you amalgamate?—A. I amalgamated just by joining forces with him, putting in money, and—

*By Mr. Morin:*

Q. What date was that, about?—A. I think that would be the latter part of 1927 or early in 1928; I would not be sure.

Q. Just before the last amendment to the Quebec Act of the Beauharnois Company?—A. It was—they had—they had made an application to Quebec, which had been rejected, and it was before the last one, yes, which was granted, yes.

Q. The last one was granted in 1929?—A. Well, not the last one, no.

Q. Not the last one?—A. It was before the present one under which they started operations, was granted. That was granted the following winter, if I remember rightly, I was in Europe when it was granted.

Q. So, you yourself went to Mr. Sweezey?—A. I went to Mr. Sweezey, as I remember it.

Q. He did not come to you?—A. I do not think so; although it would be very difficult—

Q. At that time, what rights or what control did Mr. Sweezey have over the project?—A. He had not any control, other than he bought all the rights the Robert charter gave him, and had a prior application.

Q. When you met Mr. Sweezey, he at that time had bought the Robert rights?—A. I don't know, I think he had an option on them.

Q. An option?—A. That is my understanding.

Q. At that time was he the only party interested?—A. The only—

Q. The only interested party with Robert?—A. The only one that—Sweezey was the only I dealt with. Of course, I knew he was not financing this out of his own pocket, he had others with him.

Q. You knew he had?—A. I knew Sweezey—

Q. Who?—A. The Dominion Securities.



Q. And others?—A. I don't know who else.

Q. I suppose the Dominion Securities was furnishing the money?—A. No, I would not think so.

Q. To Mr. Sweezy?—A. My idea—when I went into the syndicate I put up my money. My interest in the syndicate was about 12 to 15 per cent, if I remember correctly. I put up my money, and I believe everybody else did.

The CHAIRMAN: We are getting along too rapidly.

*By Mr. Morin:*

Q. At the beginning you met Mr. Sweezy, and then you decided to amalgamate. Will you give us more particulars about this amalgamation?—A. Yes.

Q. Let us have them.—A. I asked him what his syndicate consisted of.

Q. At that time he had a syndicate?—A. He had a syndicate.

Q. What kind of a syndicate?—A. A syndicate who were putting up the money.

Q. That was the Beauharnois Corporation syndicate?—A. No, it was not the Beauharnois—

Q. Beauharnois syndicate?—A. It was the Beauharnois syndicate as I remember it, yes.

Q. Who were the members of the syndicate?—A. I do not know who the members were. I remember they had 5,000 shares—

The CHAIRMAN: Has anyone got a copy of the syndicate agreement, because we will have to get it sooner or later.

Mr. MACKENZIE: Would you mind letting us have a copy of the syndicate?

Mr. FORSYTHE: Mr. Griffiths has it, and we shall get it from him.

The CHAIRMAN: If you could get it, I think we could get along much more rapidly.

The WITNESS: I remember distinctly I took 800 shares in the syndicate; that was my portion.

*By Mr. Morin:*

Q. In this syndicate there were 5,000 shares?—A. Speaking from memory, 5,000 shares, in which I took 800.

Q. Shares of one dollar— —A. No, they were not—

Q. No par value?—A. There was no par value, 5,000 units of interest.

Q. 5,000 units?—A. 5,000 units.

Q. You bought 800?—A. I bought 800.

Q. At that time this syndicate had no property whatever except the option on the Robert rights?—A. And a prior application to Quebec?

Q. And the application to Quebec.—A. Yes.

Q. How much money had the syndicate spent at that time?—A. I cannot tell you.

Q. How much money did they pay the Robert people?—A. In speaking from memory again, they agreed to pay the Roberts, what I figured, was over a million dollars.

Q. They had made a cash payment?—A. They had made some payment, I don't know how much.

Q. You must have studied their financial sheet before going in?—A. Why, certainly.

Q. You did not have it for yourself?—A. No, I never did.

Q. You never did?—A. I simply got it, looked it over, decided I would go in, and went in.

Q. How much did you pay for these 800?—A. I paid for that 800 shares—the syndicate required more money by that time—

The CHAIRMAN: I cannot hear you, Mr. Jones.

The WITNESS: I beg your pardon, sir. The syndicate required more money and it came along, and I subscribed for another 800.

Q. Now, wait a moment. We must get this thing so it will be understandable.

The WITNESS: I think I will make it clear for you, sir, just in a moment. I think he asked me the total amount of money I put in.

Mr. WHITE: No; he asked you what you paid for the 800 shares.—A. I paid, from memory, I paid \$30,000.

*By Mr. Morin:*

Q. To whom?—A. Into the syndicate.

Q. Did you buy these shares from the syndicate?—A. From the syndicate, certainly.

Q. At that time they had a capital of 5,000 unit shares?—A. Unit shares.

Q. That they were selling to?—A. Different people.

Q. Different parties?—A. Yes.

Q. You do not know how many shares you subscribed to at the time out of 5,000?—A. How many I subscribed to?

Q. How many were subscribed at the time you came into the syndicate?—A. I cannot tell you from memory, and I cannot—

Q. You have not the books here?—A. I have no books that will show that.

Q. No? So you bought 800 shares from this syndicate out of 5,000?

Mr. LENNOX: Units.

Mr. MORIN: Out of the 5,000?—A. Yes.

Q. You paid thirty— —A. \$30,000.

Q. And then the money went— —A. Into the syndicate.

Q. Into the syndicate?—A. Yes.

Q. I suppose the syndicate was increased later?—A. Yes, it was increased.

Q. To how many shares?—A. Well now, I cannot recall, but it got up, if my memory is correct, to 25,000, and I bought a further 800 and my—then there was more, and my total investment—

*By Mr. White:*

Q. How much did you pay for the second 800?—A. I just cannot recall. The total amount I put in was \$190,000 and took liability for \$100,000.

*By the Chairman:*

Q. So you put in, directly or indirectly, an amount of—

The WITNESS: \$290,000 is the total sir.

*By Mr. Stewart:*

Q. How many shares?

The CHAIRMAN: Again we are getting ahead of ourselves. If I may interrupt for a moment—probably I am not following this as well as I should. You do not know how many shares of the 5,000, unit shares of the syndicate were subscribed for and paid for when you came into it?—A. Well, I do not sir.

Q. You do not know now?—A. I have no record of it, so I do not know.

Q. After an interview you had with somebody, I presume Mr. Sweezey, you bought 800 share units?—A. Yes.

Q. For \$30,000?—A. Yes.

Q. At what price were the units fixed by the syndicate when you bought?—A. My recollection of that is, I paid into the syndicate exactly the same as Sweezey's cost him.

Q. Were you paying the same as the public for the units?—A. There was no public at that time. It was just a few individuals, sir.

Q. I see.—A. But it became—but later on it became public.

Q. From a legal sense, it was public enough.—A. It was a—

*By Mr. Morin:*

Q. I suppose you followed meetings?—A. Of the syndicate?

Q. Of the officers?—A. Oh, yes.

Q. You attended at those meetings?—A. Yes. I was made syndicate manager, one of the joint syndicate managers for a time.

Q. That was in 1928?—A. This was the latter part of 1927 or the early part of 1928. I could not be sure which. I think it was the latter part of 1927.

Q. Who were present at those meetings?—A. Well, at the meetings of the syndicate managers were Sweezey, Griffiths, Steele, and myself. I think that is all.

Mr. MONTGOMERY: Steele was from the Dominion Securities?—A. Steele represented the Dominion Securities.

*By Mr. Morin:*

Q. Mr. Griffith was a member of the Newman Sweezey Company?—A. Yes.

Q. So it looks like it was all Mr. Sweezey's people except you?—A. No.

Q. No?—A. No.

Q. The Dominion Securities were bankers of Mr. Sweezey?—A. No, the Dominion Securities were members of the syndicate, the same as I was, and Mr. Sweezey, as I understand it.

Q. I understand you paid the same price as did Mr. Sweezey?—A. On the first 800 shares I paid I believe, exactly the same price as Mr. Sweezey's shares had cost him.

Q. Well now, what did you do with this syndicate? What happened to it?

The CHAIRMAN: Before you get to that,—

Mr. LENNOX: Just one second. You say you paid the same price as Mr. Sweezey.

The WITNESS: That was my understanding.

Q. Whom did he pay?—A. Into the syndicate.

Q. I see, into the syndicate.—A. The syndicate units that I purchased, sir, I did not purchase from any individual. I purchased what you might call treasury units, and the money I put in went into the syndicate for necessary expenses.

Q. You did not purchase from Sweezey?—A. No sir, I did not.

The CHAIRMAN: Just along that line, Mr. Jones, I should like you to try to tax your memory in the absence of there being syndicate books. When you went into it first, the syndicate was divided into 5,000 units.—A. That is my recollection. I may be wrong in that.

Q. You have mentioned the word "treasury". How many were treasury units?—A. That, sir I cannot tell you. The records will have to clear that up. How many of these had been issued, from memory, I cannot say.

Q. Well, I imagine, if my experience is worth anything to me, that some units were given to those who were promoting this, and that probably very properly given to them.—A. Undoubtedly.

Q. Before that, you started to tell us you saw nobody else?—A. Yes sir.

Q. Now I should like to know have you any idea how many share units were given. Before they started to sell to anybody, how many share units were given, and to whom were they given?—A. I cannot recall that sir; but I can answer it only in an indirect way. I did not over that, and I figured that Mr. Sweezey's units had cost him the same rate that I paid for my 800.



Q. Were there any share units given to anybody out of this 5,000 for their promotion rights or—A. I cannot answer that question sir.

Q. Well, it strikes me as being remarkable, if you put in \$30,000 in a syndicate, and if you did not know how much plunder there was in it, so to speak,—

Mr. JACOBS: That is a term which is not known in Mr. Jones' lexicon.—

A. No. I satisfied myself, sir, that the syndicate was a good one.

The CHAIRMAN: I am not complaining about that.

The WITNESS: I do not want to be any more stupid to you sir, than I am.

Q. The stupidity may not be all on your part?—A. I am satisfied everything was right; that the syndicate had got a certain amount of money in it, and had a certain amount in their treasury, so the money I was producing was not going to an individual, it was going to the syndicate. Everything was satisfactory to me. Now, whether anybody else got it cheaper or not, I do not know.

*By Mr. Morin:*

Q. If somebody was entitled to get it, it would be Mr. Sweezey.

The CHAIRMAN: He doesn't know.—A. I do not know that.

*By Mr. Morin:*

Q. You say you were satisfied at that time that you were paying the same price?—A. I was satisfied at the time I was getting a fair and square deal. Otherwise I would not have gone in.

The CHAIRMAN: I want to interrupt you once again. Your total investment, when the syndicate affairs were concluded, was \$190,000 in cash money. A. Yes.

Q. And \$100,000 of liability that you had assumed?—A. Yes.

Q. What was this \$100,000 liability?—A. A guarantee to the Bank of Montreal.

Q. For advances?—A. For advances.

*By Mr. Morin:*

Q. What for?—A. Moneys advanced to the syndicate.

Q. How did they use this money?—A. Expenses were very heavy, consisting of engineering work, and paying for options on land.

Mr. WHITE: And a few lawyers fees?—A. And a few lawyers fees.

Q. Have you a copy of the syndicate?

Mr. FORSYTHE: I have just one, and will be here when Mr. Griffiths gets here.

*By Mr. Morin:*

Q. I suppose you assisted at those meetings of the syndicate?—A. No, I cannot say I assisted at them.

Q. You attended at meetings?—A. I attended most of the managers' meetings, yes.

Q. This syndicate was organized to bargain with the Robert heirs for their rights in this canal, I suppose?—A. That I cannot answer, because that had been done before I joined up.

Q. Yes.—A. When I joined the syndicate, the syndicate had an option on the Robert rights, and they had a prior application at Quebec which I considered to be substantial, because they had—

Q. You know the conditions of the options from the Robert heirs to the syndicate?—A. No, not in detail.

Q. Well,—A. As I told you, it was something I figured they would have to pay Robert something over a million dollars for.

Q. Plus some shares?—A. No. I think it was about a million and a hundred and fifty something, including shares,

*By the Chairman:*

Q. Is the syndicate agreement available now?—A. Those agreements are there sir.

Mr. WHITE: I think we had better halt those proceedings until we get the syndicate agreements.

Mr. MORIN: Yes.

Mr. WHITE: It is stabbing in the dark.

Mr. FORSYTHE: You will get them when Mr. Griffith gets back. He has gone up to telephone.

Mr. WHITE: Mr. Chairman, when Mr. Griffith comes back I should like him also to produce the syndicate minutes.

The CHAIRMAN: I presume they are available.

Mr. MORIN: I am going to call for them.

Mr. WHITE: I think we had better wait.

Mr. MORIN: We asked for complete files, and complete minutes of those syndicates.

Mr. FORSYTHE: Mr. Chairman, I have been trying to get in touch with Mr. Griffith. I know that he is putting a telephone call in but I do not know where from. I am told by the proper officials that these minutes and other agreements were in the personal custody of Mr. Griffith. It may take a little time to get that. I would suggest that we proceed with the examination of Mr. Henry in the meantime.

The CHAIRMAN: I am convinced that we can get along more rapidly if we have those syndicate agreements. With Mr. Jones' evidence being from memory, and the memory not being just as good as it might be, I am sure we would all like to have those documents here.

The WITNESS: I would sooner be sure and give you correct information and go into detail than give you something that may be wrong.

Mr. WHITE: In view of the way in which this examination of Mr. Jones has developed, I think it would be of advantage for my learned friends and myself to have the syndicate and corporate minutes and to have an opportunity to peruse them before continuing the examination of Mr. Jones.

The CHAIRMAN: It would seem that way to me. There is no use going on a fishing expedition.

Mr. WHITE: Unless you have bait.

The CHAIRMAN: When can we get the agreements? After an examination of those agreements and the minutes, as you well know, a great deal of time would be saved, because it would obviate asking a lot of unnecessary questions.

Mr. MORIN: We might ask Mr. Griffiths to file them.

The CHAIRMAN: Mr. Griffiths, could you file copies of the two syndicate agreements with the appropriate minutes of each syndicate, and, if you have available, the stock register if a stock register was kept, and any trial balance of the two syndicates, or probably the balance when they were closed out.

Mr. GRIFFITH: I am afraid, Mr. Chairman, I have not got those with me here. I have given the auditor for the committee access to the stock register and the balance sheets.

The CHAIRMAN: Where are the syndicate agreements, Mr. Griffiths, and the minutes?

Mr. GRIFFITH: I believe we have all of them here in Ottawa.

The CHAIRMAN: Well, I am inclined to the view that counsel should see those, and we could shorten this up a great deal. The examination of Mr. Jones will not take long if you have the opportunity first to go through the documents.

Mr. JACOBS: Yes. I think we had better continue with Mr. Henry.

Mr. MORIN: We intend to go into detail with the proper officers.

Mr. FORSYTHE: Mr. Griffith explains to me that the syndicate agreement You would simply have to take him over the same ground again.

Mr. WHITE: I am just wondering about that.

Mr. FORSYTHE: Mr. Griffith explains to me that the syndicate agreement and the syndicate minutes have already been turned over to the auditor for the government counsel or the committee counsel.

Mr. WHITE: What, the originals?

Mr. GRIFFITH: They have had access to the originals for purposes of comparison if they wish to compare them. I am willing to certify to the copies that I have as being true copies and permit comparison with the originals. I think that is the simplest procedure.

Mr. WHITE: Do I understand you as saying that you have turned over to Mr. King copies of the syndicate minutes and the syndicate agreements?

Mr. GRIFFITH: That is the information I have from my staff in Montreal. I authorized them to do so if Mr. King wanted them, and they tell me they have exhibited them to Mr. King. Whether he has them in his possession at the moment I do not know.

Mr. SYMMES: I think you are mistaken in that, Mr. Griffiths. You have turned over quite a lot of documents to him but not those particular documents.

Mr. GRIFFITH: He was there yesterday. I saw him there myself.

Mr. FORSYTHE: It is not suggested they were given to Mr. King in Ottawa.

Mr. WHITE: Let us settle this matter. Might Mr. Griffiths be sworn.

The CHAIRMAN: Yes.

Mr. HUGH GRIFFITHS, called and sworn.

*By Mr. White:*

Q. Mr. Griffith, I understand you are the Secretary Treasurer of the Beauharnois Power Corporation Limited?—A. Yes.

Q. And as such are in charge of the corporate records?—A. Yes.

Q. Including the syndicate minutes?—A. I would rather say, Mr. White, I am in charge of those because of the fact that I was Secretary to the syndicate.

Q. Well, whatever the capacity you are in charge of them?—A. I am still the custodian of those records.

Q. Well, I ask you to produce them, the minute books of the Beauharnois Light Heat and Power Company, the Beauharnois Power Corporation and all its subsidiaries, and the two syndicates.—A. I take it that I may produce them to-morrow morning, or some appointed time.

*By Mr. Lennox:*

Q. You have the originals here, have you?—A. I believe the originals are in the hotel here. I have not ascertained that to-day.

Q. Well, they could be obtained?—A. If they are here I will be very glad to produce them.



Mr. WHITE: I think we had better have the originals here this afternoon for certain reasons which are fairly obvious, as soon as they can be obtained, and then if they are original corporate records, as they are, copies may be substituted and the originals returned.

*By the Chairman:*

Q. Of the originals you have at the hotel, will you get those Mr. Griffith, please?—A. Yes.

*By Mr. White:*

Q. You understand what I want, the original minutes— —A. Minutes and syndicate agreements.

Q. Minutes of the two syndicates and the syndicate agreements?—A. Yes.

Q. The agreements by which the syndicate assets were turned over to the company, the minutes of the Beauharnois Light Heat & Power Co., the minutes of the Beauharnois Power Corporation and any subsidiaries of that company. —A. All right.

Mr. FORSYTHE: Might I suggest, Mr. Chairman, just at this time—and I am not at all wanting to be quarrelsome in any way—if my learned friends want documents of this kind in a group like this they might give us some notice of it, because it is not very easy to pick those things out at once.

Mr. WHITE: I was to have copies of these minutes a week ago, and I have not got them yet.

Mr. JACOBS: Did you ask for them.

Mr. WHITE: Yes, and was promised them.

Mr. FORSYTHE: All I am suggesting is that some notice should be given to us. I may say that my learned friend did not ask me for them.

Mr. JACOBS: I suppose the proper thing would be for the Chairman to give an order that they should be produced, and that will do away with all those little minor difficulties. I understand, Mr. Chairman, that you have ruled that these be produced forthwith.

The CHAIRMAN: Yes.

Mr. JACOBS: You have your order now, Mr. Forsythe.

Mr. FORSYTHE: Yes, quite.

Mr. LENNOX: I suppose Mr. Forsythe is referring to future applications.

Mr. FORSYTHE: I am only suggesting that notice be given us in advance, to suit the convenience of all concerned and not with any desire to withhold them. It just so that we will be advised beforehand.

The CHAIRMAN: Can we usefully go on with Mr. Jones' evidence now.

Mr. CANNON: I may say that notwithstanding what was said Friday afternoon in connection with documents to be supplied by the province of Quebec, I have had no request from my learned friend. Should there be any delay I do not wish my clients to be blamed for it.

Witness retired.

FRANK P. JONES, examination resumed.

*By Mr. White:*

Q. Mr. Jones, having been a member of the syndicate when the syndicate assests were turned over, to which company were they turned over?—A. I had left the company by then.

Q. You had left the company?—A. Yes, I had left.

Q. Before the syndicate assets were turned over?—A. Before the syndicate assets were turned over to the Beauharnois Light Heat & Power Co., I had resigned as President of the Beauharnois light, Heat & Power Co.

Q. Now, as a member of the syndicate I would like to have your conception of what the assets of that syndicate were?—A. Well, the assets of the syndicate, of course, were—

Q. You have told us two of them, the prior right or application to the Quebec Government—A. No, no. That had been changed into a grant by the Quebec Government.

Q. A grant to the syndicate?—A. To the Power Company. They had granted the right to a diversion of 40,000 cubic feet.

Q. To the Beauharnois Light, Heat & Power Co.?—A. To them, which was owned by the syndicate. All the shares of the Beauharnois Light, Heat & Power Co., were owned by the syndicate, so while a grant was there, it certainly included that right, whatever value it was.

Q. Well, all right?—A. Is not that clear, sir.

Q. Let it go at that. We understand what you mean anyway?—A. Well, also the diversion of the 40,000 cubic feet had been approved by the Department of Public Works—

Q. Before the dissolution of the syndicate?—A. Yes, sir, in the same manner. Of course, the syndicate then had assets of all the engineering work plans and things they had prepared, and of land—

*By Hon. Mr. Mackenzie:*

Q. When did you actually leave the syndicate?—A. I left it in July, 1928, I think, and about a week or ten days later I left the Beauharnois Light, Heat & Power Company. When I say I left the syndicate, I beg your pardon, sir. I resigned as Syndicate Manager. I still retained my interest in the syndicate.

*By Mr. White:*

Q. Then you eventually sold your interest?—A. I sold my entire interest to Mr. Sweezey.

Q. What did you sell?—A. My entire interest in the syndicate.

Q. You spoke a moment ago about leaving the Power Corporation?—A. I was elected President of the Beauharnois Light, Heat & Power Co.

Q. You must have been a shareholder?—A. I was a nominal shareholder only.

Q. You told me a moment ago you were not. Do you mean you had no substantial interest?—A. I mean that the Power Company had only issued qualifying shares. All the rest were held by the syndicate and were really assets of the syndicate. The syndicate were putting up all of the money. The Beauharnois Company put up none at that time.

Q. I do not quite follow you?—A. Well, if you will tell me your difficulty, I will try to help you; but it is so clear to me that I do not see just where—

Q. Well, the Beauharnois syndicate had all of the shares of the Beauharnois Light, Heat & Power Co.?—A. Yes, sir.

Q. And apparently they had all the issued shares of the Beauharnois Corporation Limited?—A. Yes, sir.

Q. They being the qualifying shares?—A. Well the qualifying shares they naturally endorsed over to the officials and endorsed them in blank.

Q. Quite so, but the beneficial ownership was in the syndicate?—A. Yes, sir.

Q. They might have been held by stenographers and others as trustees endorsed in blank?—A. The real ownership was in the syndicate.

Q. The real ownership was in the syndicate, so that up to that time the syndicate owned the Beauharnois Light, Heat & Power Co., and all of the shares of these two companies?—A. Yes, sir.

Mr. MONTGOMERY: I do not think the second company, the Beauharnois Power Corporation, was in existence.

The WITNESS: No, sir. In other words, the syndicate owned everything.

*By Mr. White:*

Q. I know, but I want to know what everything was. I take it, in view of Mr. Montgomery's correction, that what was owned at that time by the syndicate were the shares of the Beauharnois Light, Heat & Power Co.?—A. Yes, sir.

Q. That is correct is it?—A. That is correct, yes.

Q. Now, we are speaking of the time when you left the syndicate?—A. Yes, sir.

Q. Up to that time the Beauharnois Power Corporation Limited had not been formed, and all that was owned were shares in the Beauharnois Light, Heat & Power Co.?—A. Yes, sir, and the right to divert, and the approval of the diversion had been granted so, also, were assets of the syndicate.

Q. By virtue of the stock ownership of the company?—A. By virtue of 100 per cent ownership.

Q. Stock ownership?—A. Yes.

Q. And that being the position of affairs you sold out to Mr. Sweezy?—A. Well, I do not quite understand the question, sir. I did not sell out on account of that.

Q. No, no, but that was the position of affairs at the time at which you sold out?—A. Yes, sir.

Q. And previously to your selling out I understand there had been some difference of opinion in reference to the financing of the project?—A. Yes, there was.

Q. And Mr. Sweezy and you, I understand, did not agree about that?—A. We did not. We had absolutely different opinions.

Q. What were those differences of opinion?—A. Well, the question of raising that quantity of money and the price——

Q. How much money?—A. It was planned to raise from \$50,000,000 to \$55,000,000. Naturally it is very difficult to have two people, no matter how interested they are, agreeing on the best means of doing it. Now, they took a view. I have no right to criticize their view any more than they have any right to criticize mine. My view was the opposite view to theirs.

Q. What was the difference?—A. Well, in the first place, I wanted all the money raised at once. I did not want it raised half one time and half another. If I was going to be President of that company and be responsible to the shareholders and, I might say to the public; but for the carrying out of this I did not want the work to be interrupted by financial difficulties after we had started. It was a large undertaking and even at the loss of interest I preferred to see the whole moneys raised at once, which they deemed unnecessary and inadvisable.

Q. When you say "they" to whom do you refer?—A. I refer mostly to Mr. Sweezy and the Dominion Securities, both.

Q. As represented by whom?—A. As represented by Mr. Sweezy and Mr. White the President of the Dominion Securities.

Q. Mr. Arthur White?—A. Arthur White. Then again I did not think they were paying enough for the securities.

Q. That who were paying enough?—A. The Dominion Securities and Newman Sweezy to whom they proposed to sell them.



Q. Yes?—A. That again is purely, I think, a matter of opinion. I naturally was working for the Beauharnois Company, and I wanted to get the best price possible for the securities. My honest opinion was that they were not paying enough. Their honest opinion was they were paying all that they could afford to pay. They would not give way and I would not give way.

Q. And what was your idea as to what the securities were worth?—A. I thought the securities were worth 92 or 93, with a very much less bonus on the stock.

Q. And what do you say as to whether you were in a position at that time to have financed the company upon the basis which you suggested?—A. Well now, you are asking a question that you cannot expect a positive answer to because not having done it I cannot say; but my opinion was it could have been financed on a basis which, in my opinion, would have been more advantageous to the syndicate.

Q. Well, did you offer to take the assets over and finance it?—A. No I did not. When we came to an absolute deadlock and it looked as though this project was not going ahead on account of differences of opinion, I said to them Well, I will buy all your shares at a price or sell all mine at a price.

Q. At the same price?—A. At the same price.

Q. What we call up in the country a give and take offer?—A. A give and take offer. Now, they did not agree to that and they called a meeting. They asked for proxies and I sent out and asked for proxies. Proxies were sent in and they had an overwhelming majority and they carried it. The result was they came and said later We will buy your stock or your interest.

*By the Chairman:*

Q. Your shares in the syndicate?—A. Yes, and I said no, you are too late, you cannot buy mine now unless you buy from every man who gave me a proxy, or at least give him the opportunity to sell. And that is what they did. I sold all mine, and I believe a great many other people sold theirs.

Q. At this juncture, you were on this note to the Bank of Montreal for \$100,000?—A. Yes, sir.

Q. They took care of that, I presume?—A. That was part of the agreement, sir.

Q. They wiped it clean away?—A. Yes. I got the discharge, as far as that is concerned, from the bank.

*By Mr. White:*

Q. And you say that you sold out?—A. Yes, sir.

Q. How much profit did you make?—A. Is that a question you want me to answer?—A. I made a profit, practically, because I had been in another deal about the same time where I lost \$500,000, and on this I made between \$750,000 and \$800,000.

*By the Chairman:*

Q. How much did you get?—A. I got—

Q. How much was the total sale price for your units?—A. Oh, somewhere around about \$1,000,000.

Q. The reason I ask you that is it has been rumoured around quite a bit as to the millions you got?—A. Well, that helps my credit, sir. The total amount paid if I remember, speaking again from memory, for mine and the people who gave me proxies amounted to over \$3,000,000.

Q. But individually your share was \$1,000,000?—A. I received about \$1,100,000 or \$1,075,000.

Q. Which cost you \$175,000 in cash?—A. No, that would be my share of that.

*By Mr. White:*

Q. And that cost you how much?—A. That cost me in actual cash \$190,000 and a liability of \$100,000.

*By the Chairman:*

Q. Which was wiped out?—A. Which was wiped out on the sale.

*By Mr. Jacobs:*

Q. So you put up \$190,000 plus the security?—A. I put up \$190,000 in cash and a security to the bank of \$100,000.

*By Mr. White:*

Q. But you were never called upon to pay on the \$100,000?—A. I never was called upon to pay, no.

Mr. HELLMUTH: Out of the moneys that were paid to him, that \$100,000 was deducted.

Mr. WHITE: He did not say that at all.

The WITNESS: No, no. when I sold for that price the agreement was to take care of the liability and give me the discharge from the bank, which they did.

*By Mr. White:*

Q. So that the price which you got included a profit of some \$750,000 to you?—A. Clear profit. That was the profit that I got. I got my money back and got rid of my liability.

Q. And your liability to the bank was relieved?—A. Yes, sir.

*By Mr. Jacobs:*

Q. You risked \$290,000?—A. No, sir.

*By Hon. Mr. Mackenzie:*

Q. Excluding the bank the profit was between \$980,000 and \$780,000?—A. Something like that.

Mr. LENNOX: Practically \$800,000.

*By the Chairman:*

Q. Was there anyone else on that guarantee to the bank besides yourself?—A. Yes. The Dominion Securities I believe and Newman-Sweezey each guaranteed \$200,000. The bank loan was \$500,000 secured by guarantee from Dominion Securities Limited \$200,000, and Newman-Sweezey \$200,000, and F. P. Jones \$100,000, not joint and severally but severally.

*By Mr. Lennox:*

Q. From the time that you put up the \$190,000 until you sold for the sum you have just mentioned what time expired?—A. Well from, oh I would say probably a year and six months, sometime in 1927 to July 1929, practically two years.

*By Mr. White:*

Q. Did you have any other objection to this financing other than the price?—A. Yes.

Q. What other objections?—A. I wanted all the money raised at once.

Q. Besides those two?—A. And the price, so far as the financing went, that was my objection.

*By Mr. Jacobs:*

Q. Did you consider that 92 was a pretty good offer for those bonds?—A. Well, of course, the conditions have changed a little. They paid a better price than was offered at that time. What they were offering to buy at that time were bonds, so I think whether it was due to me they changed their opinion and paid the company a little better price than they intended. I think that is it. In other words, the present issue is not, strictly speaking, bonds.

*By Mr. White:*

Q. Was there not also the objection on your part that Dominion Securities and Newman-Swezey Company were both buyers and sellers?—A. I naturally raised that point with them, that they were not in as good a position to determine the fair price that I was willing to give them and that they were entitled to as the purchaser of the securities. There was never any question about that. They were buyers and sellers and that might influence their judgment.

Q. Do you remember any of those who gave you proxies at that meeting, any of the individual share owners?—A. I cannot say, but the records will show that undoubtedly.

*By the Chairman:*

Q. You surely remember some of them, Mr. Jones?—A. I could remember some, but the trouble with that, sir, if I may say is this, if you do not specify completely it is worse than no specification.

*By Mr. White:*

Q. Do not let that worry you, if you can tell us those who you remember, or some of those, we will be obliged?—A. Well, I really cannot tell you anything that will be sufficient without the records.

Q. Cannot you remember one?—A. Yes, I remember one.

Q. Let us have that one?—A. The Hon. George Murray's son gave me his proxy. I remember that because I remember the old gentleman talking it over with me.

Q. Anybody else?—A. Oh, yes, there were a lot of others.

Q. Do you remember anybody?—A. No, there isn't any as I can formally say, but there were a lot of others.

*By the Chairman:*

Q. Mr. Jones, these were people that you had influenced to buy these units?—A. No, sir; I never influenced anybody to buy the units.

Q. Whom you asked for proxies?—A. I sent a letter to all the unit holders, and I got a list.

Q. The only ones you took care of were those who trusted in you with their proxies?—A. Absolutely.

Q. You only remember one name?—A. Only that one particular name, and that is caused by having discussed it with a great personal friend of mine, and that is George Murray.

Q. Now, there have been statements made, Mr. Jones, that you made a profit of upwards of from three to three and a half millions upon your departure from the syndicate?—A. No, that is a misleading statement, sir, and it is not correct. I think the foundation for that statement is that the total number that the syndicate bought amounted to that, but as I said before, that included everybody who had given proxies.

*By Mr. White:*

Q. You mean the total amount of the profit of all those who were associated by proxy with you?—A. Yes, that is not a profit either. That was the gross sales price that they took. From that they would have to subtract the cost.



Q. But in your case—A. In my case \$750,000 or \$800,000 was my net profit.

Q. \$790,000 I think you said?—A. That would be probably correct.

Q. Will you be available at a later date, if necessary?—A. I will have to be if you subpoena me, sir.

Q. I mean you have not any trip in contemplation?—A. Oh, no.

*By the Chairman:*

Q. What Mr. White has in mind, Mr. Jones, is that we want to suit the witnesses' convenience as much as we can, and at the same time not impede the course of the hearing?—A. At any time. I might say I only got your subpoena Monday. I was out of town when it was sent by post. If I hadn't got back on Monday I would not be here.

Mr. WHITE: And I might have had to send the Sergeant at Arms for you?—A. Yes.

*By Mr. Hellmuth:*

Q. I think you said that the question between you and Mr. Swezey and the Dominion Securities was in regard to the financing of the project, the raising of finances?—A. That was the great question.

Q. And your view was that fifty or fifty-five million dollars should be raised at once?—A. Yes, sir.

Q. They thought a smaller sum for the time being would be sufficient?—A. That was their view as I understand it, sir.

Q. Was not there a question as to whether the moneys should be raised by first mortgage bonds—was not that rather your suggestion, and their suggestion that it should be raised by collateral trust bonds on the stock of the Beauharnois?—A. Those both naturally were discussed. My recollection of that is that they or the company could not expect them to pay a bigger price. A collateral bond is a real bond; therefore, I was in favour of the whole amount being raised by the bonds.

Q. And, as a matter of fact, they were raising it upon what is commonly termed the junior securities first rather than on the senior security bonds?—A. I would not like to adopt your words junior securities—intermediate security.

Q. I will not quarrel about it. At all events, you would not expect as high a price for securities such as the \$30,000,000 as from first mortgage bonds?—A. Certainly not, and that was the reason why I was in favour of the issuing of bonds.

Q. Yes. I quite understand. Then, as to the project itself: was your departure from the company due to any loss of faith in the project itself?—A. No, sir; and that is, I think, clearly shown by the very risky offer I made of being able to raise money—offering to buy all their interests.

Q. So it was not in any way connected with— —A. The project itself never looked any better in my opinion than it looked at that time. The project itself—of course, we all have different ideas as to how it should be carried out; but I think that they, in the construction, had the right idea.

Q. You have not changed your mind in regard to that?—A. Not at all. Not only do I say that, sir, but I say any government or department in charge of any of this development never should. I do not see how they can justify allowing any development that has to be compensated for or greatly changed before you can get hold of it. Now, this plan is designed so the whole actual flow of the river can be put through it, and no money has been wasted. Now, that lessens the current in what we call the canal, which is not a canal in my opinion; there is no canal there. There is a basis of power. A canal means something to take a boat in one end and take it out the other, and you cannot

do it. You can never do it unless the Dominion Government puts locks. But making it wide lessens the current and improves it for navigation and power purposes, and if the government sees fit some day to grant these people the right, or takes the right themselves, no money has been wasted.

*By the Chairman:*

Q. Before you leave, Mr. Jones, after you made your first deal with Mr. Swezey for units in the original syndicate, I presume you did become active then in assisting the Beauharnois Light, Heat and Power Company, and the succeeding interests—the syndicate interests—in facilitating their work at Quebec and Ottawa?—A. I did everything I could for them, sir.

Q. Did you have occasion to visit the departments of government here?—A. Yes, sir.

Q. Can you recount to us your activities?—A. That would be difficult. I remember seeing Mr. McLachlan here, whose opinion I respect as an engineer, and I have seen Mr. Hunter and Mr. Cameron, and I have seen Mr. Elliott and Mr. Ralston, and all of them.

Q. Leading up to what?—A. Well, the question is this. There was then, and there must be now, a very strong feeling on the part of a great many people which I have never been able to understand, and I found it there to some extent, and that is that the canalization of the St. Lawrence river in the province of Quebec should be paid for out of the power. Now, when you get down it seems to be the basis of a lot of the misunderstandings. If that view is correct, then surely to goodness the Welland Canal and the Soo Canal should have been paid for by the provinces, and not by the dominion, but they were not. They were paid for entirely out of Dominion funds. Now, if you are going to saddle the cost of the canalization on the power, you will increase the cost of power in Quebec, and not in Ontario and other points, and I do not see how it can be done. It seems to me that Quebec would absolutely rebel. If that power belonged to the Dominion Government—

Q. I was under the impression that the Hydro Electric Company in Ontario bought a large block of this power?—A. They did so, yes. That has nothing to do with the canalization of the river. They have the benefit of the purchased power.

*By Hon. Mr. Mackenzie:*

Q. You mean that there was no suggestion made that Ontario power should pay for national undertakings in the province of Ontario?—A. No. If they had, Ontario must owe the Dominion Government a couple of hundred million dollars.

*By Mr. White:*

Q. For what?—A. For the Welland Canal and the Sault Ste. Marie Canal. They were paid for entirely out of Dominion funds.

*By Mr. Jacobs:*

Q. Is there hydro development in these canals?—A. No, not in these canals. I said that the—

*By the Chairman:*

Q. The Welland Canal to which you refer is the Welland Ship Canal, is it not?—A. The Welland Ship Canal. The new one and the old one were both paid for by the Dominion Government.

Q. What power was developed there?—A. There was quite a lot of it. One—

Mr. WHITE: The power is owned by the Dominion Government and rented by the Dominion Government to the users.

*By the Chairman:*

Q. I do not see how you arrived at the conclusion you arrived at; you made those comparisons?—A. Because, in the New Welland Ship Canal, it is easy to do it and save expense if the province of Ontario had owned the power and was going to pay for the whole thing.

Q. What power is developed in the new Welland Ship Canal?—A. None; but the canal is built there. Who paid for it?

Q. The Dominion Government?—A. If the canal is built in the St. Lawrence River who should pay for it? The Dominion Government the same way. I do not think you are going to tax one province—

*By Mr. White:*

Q. The difficulty to that situation is this that there is a controversy about the ownership or the right to use the water?—A. Use the water by whom?

Q. The use of the water for power purposes by anybody?—A. I do not think there is much of a controversy.

Q. We are glad to have your real opinion on the point?—A. It will probably agree as well as we have agreed on it.

Q. You agree with yourself?—A. And some of your eminent counsel. Of course, Mr. Chairman, this is not a canal. We are speaking of it loosely as a canal. But you cannot take a boat in and out of it.

Q. Let us say it is part of a canal?—A. It may or may not be.

Q. Depending upon whether or not the Dominion Government builds a lock at the foot?—A. Yes.

Q. It is available as a canal if the Dominion Government wants to do that?—A. Yes. Part of the work has been done and it can be utilized.

Q. Not unless the owners have agreed to it?—A. The owners have to agree now.

Q. They have now because they did agree to it, and only for that reason.

Mr. MONTGOMERY: Who are the owners?

Mr. WHITE: That is a tough question. The point that Mr. Jones is leading to out of his calculations is that if the Dominion, in the exercise of its right to navigation and the control of navigation in the river, sees fit to make a canal which incidentally develops water power and creates a situation from which water power can be developed as in the old Beauharnois Canal, and as in the Soulanges Canal—it is a very nice question as to whether the Dominion has the right to dispose of the potential power.

The WITNESS: By its expenditure, as created incidental to navigation.

Hon. Mr. CANNON: Is it for this committee to decide it?

WITNESS: You get into the Soulanges Canal. Taking water out of the St. Lawrence River is not incidental to navigation; it is detrimental to navigation. Now, the only incidental part of navigation—if by putting a dam and raising or increasing the head, that increase might be incidental. I have never seen incidental power defined yet.

*By Mr. White:*

Q. That is quarreling with terms?—A. No, it is not.

Q. Where the works of the Dominion make the water available for their purposes?—A. The Dominion could construct their canal and take all the water the Province of Quebec used for power?

Hon. Mr. MACKENZIE: You are both raising the question of provincial rights. It is too much for this committee to settle that.

The WITNESS: The feeling I had was that the Department at Ottawa, if our plans interfered with navigation, would not and had no right to approve;



if they did not interfere with navigation, they would approve without interfering with provincial rights, and they have no right to exact a premium from us for approval. For instance, you talk about these lift locks. I think you will find in the first Order in Council that we shall supply these lift locks. Now, I did see the Minister and I saw the committee, and I said, "are you going to attempt to order us to spend three million dollars on something that may or may not be used? That water is not navigable until you build your canal, and it may never be done; you have no right to ask us to build those lift locks; we have to replace the bridges and roadways, it is true, and the common sense thing to do when we put our buttresses in is to make them heavy enough to put the lift locks on; then they will not be wasted should you decide to use them."

*By the Chairman:*

Q. And your views in that regard prevailed?—A. They did.

Q. And that is why we are here probably?—A. No, I will not agree with that.

*By Mr. White:*

Q. That is why you are here?—A. I do not know that. I am here because you sent for me.

Q. You spoke of having seen Mr. McLachlan, Mr. Hunter, Mr. Cameron, Mr. Elliott and Mr. Ralston and a number of others?—A. Yes, sir.

Q. Can you name any others now that you saw in Ottawa in connection with obtaining the right to use the water?—A. I think I could safely say—I do not know—I probably discussed it with three-quarters of the Cabinet, excepting the Premier. I discussed it once with him about a year before, and after that he would not see me.

Q. Did you see Senator McDougald in connection with the matter?—A. I saw Senator McDougald and discussed it with him.

Q. Frequently or otherwise?—A. No, I would not say frequently.

Q. Do you know whether at the time he had an interest in the matter as a member of the syndicate?—A. I do not know.

Q. Did you see Senator Raymond in connection with it?—A. Yes, I saw him several times.

Q. And Senator Paradis?—A. No, I think I never saw him, not to my best recollection. I might say, Mr. White—I do not want to be misleading in this. I was up here on that business. Now, I was actually overflowing with that business, and I probably bored a lot of people discussing it, that often had no indirect interest.

*By the Chairman:*

Q. Was Senator Raymond an associate of yours in the syndicate?—A. I do not know whether he is or not.

Q. Was he?—A. I do not know whether he was or not.

Q. In the second syndicate?—A. The second? I do not know. That is a thing I took no interest whatsoever in. I knew I was in the minority, and I was depending—

*By Mr. White:*

Q. Was he a member of the syndicate?—A. I do not know.

Mr. JACOBS: The agreement will show that.

The WITNESS: I cannot say. I do not know. The agreement will show that.

*By Mr. White:*

Q. I was wondering if you had any choice or selection in the matter of those with whom you were making your bid?—A. Not at all. I went into that

as I told you, with about twelve and a half to fifteen per cent interest. I never had anything to do with placing the syndicate stock. They asked me to become president. I became president under the impression that they would agree with me. I was wrong, and therefore I had to get out. That is the history.

*By Mr. Jacobs:*

Q. In your testimony you said that in your visits to the department you met Mr. McLachlan whose opinion you hold in great respect, and then you said that you met the other engineers and you did not compliment them in any way. Do I understand that you have respect for only Mr. McLachlan's opinion?—A. That is the danger of specifying. I am glad you corrected me. I have respect for Mr. Cameron's opinion and the rest of them and I think they deserve it; but mind you my saying that I have respect for an engineer's opinion does not say that I am going to adopt his opinion, because engineers like the legal profession, differ.

*By Hon. Mr. Mackenzie:*

Q. Do you recall the approximate dates of the visits to Ottawa in connection with this transaction?—A. Oh, they were very frequent.

Roughly speaking—the year or the time of the year?—A. Yes, they were all in the fall and winter of 1928—1928 and 1929—the early part of 1929. They dragged on for about four months, and I really think the Premier held it up waiting for the decision of the Supreme Court.

*By the Chairman:*

Q. The Order in Council was passed on the 8th March, 1929?—A. 1929? Then it was the early part of 1929 and the latter part of 1928.

Q. Is it fair to say, Mr. Jones, that while you had had talks with Senator McDougald and Senator Raymond and others—and I am not suggesting there was anything improper about interviews you had with any of these gentlemen—is it fair to say that it was wholly by reason of your own persuasion that the passing of P.C. 422—that is the Order in Council—was procured?—A. No, sir; I think it was wholly due to the fact that the feeling was—and I think correctly, sir—they could not refuse it without interfering with provincial rights. I do not care who came here—F. P. Jones or who it was, or what the company was—the right belongs to the province of Quebec, I believe. If it interfered with navigation, it could not be granted; if it did not interfere with navigation it could not be refused.

Q. Just at that point. I think you have made it abundantly plain that any water turned into a ditch interferes with navigation, and this canal interferes with navigation on the water?—A. No, sir; I have never made that statement.

*By Mr. White:*

Q. It was only the Soulanges Canal?—A. Take the Soulanges Canal, and you have a certain cross section of that canal. Now, if you turn water in and drive water out for power, you are taking more water than is required for navigation, and you are increasing the current, which is detrimental to navigation, because in the canal you only want just enough current to practically settle the water. The current in the canal must be detrimental—increasing that current must be detrimental.

*By the Chairman:*

Q. Do you think the building of this power plant improves the navigation of the river?—. I would say, speaking subject to correction again—I mean for the Dominion Government—there is no navigation there now.

Q. There is on the river?—A. No, but in the manner—if they put in those locks it will probably save three and a half hours per trip through by every boat under existing conditions, which must be an improvement, because the other is a long stretch of canal. In this case it will go through the locks, and you are practically in the river. You go right ahead. Not only that, but the only navigation is done there by one pleasure boat, which has to be taken care of; they have their rights there. I believe the engineers will put a control there that will not affect that. I say it will not affect navigation anyway, but, if anything, will improve it.

*By Mr. Jacobs:*

Q. Navigation in that stream through the rapids would take care of a boat up to about seven feet draft?—A. There is evidence to show that even the year before they were only able to run about three or four times a week, depending—if the wind was an east wind, backing the water up it was so shallow they would take the canal; if it was a west wind they could run. They showed that clearly in the evidence at the public hearing.

Q. That is for tourist traffic?—A. Yes, tourist traffic. I came up the other day in a motor car and they were going through the canal; they could not run the rapids. I do not know how much they will run them this year; I do not think it will be very long.

*By Hon. Mr. Mackenzie:*

Q. Is there any danger of hurting the St. Lawrence river?—A. If you are going to put the whole St. Lawrence river through there; but you are not going to dry up the river. It is not as if you are going to dry it up so that the cattle will have no place to drink.

*By Mr. White:*

Q. Of course, water holes do not make much of a scenic effect?—A. The water level could be just where it is.

*By Mr. Jacobs:*

Q. The Soulanges Canal would not be interfered with in any way?—A. It would not be interfered with in any way; it would always be in reserve. My contention, sir, is this, that I was the one that insisted on the full width of the channel. My friend Mr. McLachlan does not agree with me. He proposes that we build a concrete trough there six hundred feet wide. I was contending that anything that is built should be built so that if you or whoever the authorities are order the whole flow of the river to be utilized, that it will not be money wasted. That is capable of doing that. I say today without hesitation that no government will give the right to construct Cedar Rapids to the Canada Power Plant today. It will not have to be wiped out in this case; it will be wiped out some day, because when there is a shortage of water the Cedar Rapids must go over the 80 feet instead of 33 feet, and if the two presidents of the company do not agree, I am assured that the Province of Quebec and the Dominion will make them agree.

*By the Chairman:*

Q. You just said a moment ago that the Dominion Government had nothing to do with it?—A. I put that in for my friend's benefit. I said one or the other.

Q. Try to put something in that will be of benefit to us all.

*By Mr. Hellmuth:*

Q. I forgot to ask you. You said you were very frequently in Ottawa?—A. Yes, sir.



Q. You went to England in regard to industries?—A. I would not say I went there; I had some work to do on it when I was over there.

Q. It was with a view to getting industries?—A. Yes, to locate there.

Q. You said a few moments ago that the down part of the navigation on that section—the Soulanges Section— was only for smaller boats which draw seven feet of water?—A. It is certainly, of course, available to any boat that wants to go there, but it is utilized only—

Q. Is there any obstruction to navigation?—A. No.

Q. It all goes through the canal?—A. Yes.

Q. At this point, river navigation, even for the smaller boats, is one way; there is no navigation both ways?—A. No.

*By Mr. White:*

Q. In your various visits to the Members of the Privy Council here in the fall of 1928, and the early part of 1929, were you accompanied on any of them by any Senators?—A. I do not think so, sir.

Q. Would you say you were not?—A. No, I will not say that.

Q. Will you say one way or the other?—A. When I saw Mr. Elliott there, I made an appointment and went and saw him. With the exception of Mr. Griffiths, Mr. Sweezy and Mr. Geoffrion—I would not make the statement of nobody else being with me, but I cannot recall.

Q. That is the best you can do?—A. Yes.

Mr. JACOBS: You are restricting it to Senators, are you, Mr. White?

Mr. WHITE: Yes.

Mr. JACOBS: I would suggest it would have been more useful if he had been accompanied by members of the Lower House.

Mr. WHITE: Yes. Unfortunately for that, Mr. Gardiner has not seen fit to include them in his remarks.

The WITNESS: As I have recollected, I have no recollection of any visit to members of the Privy Council when any senator was present; although I would not swear that. It might be otherwise, but I do not think it was. That is, to the best of my ability—

Q. In your work, when you were pressing for the granting of the application, what do you say as to whether or not you were assisted by any Senators?—A. I repeatedly appealed to some, perhaps as I do to anybody else, to do what they could to hurry it up, because it seemed to me it was being dragged out—

Q. That is hardly an answer.—A. Well, then, I can say—

Q. What would you say as to whether you were assisted?—A. What do you mean by the word “assisted,”?

Q. It is a common English word.—A. Well my answer is that anybody who took an interest in it and who listened and got his views as to who owned the water, gave us their opinions by way of assistance, otherwise direct assistance, nobody that I know of.

Q. I see.—A. I certainly asked Senator Raymond over and over again if he could not do something to get some action. Now, I think perhaps I should mention I thought perhaps the Premier was waiting for this assistance of the reference case to the Supreme Court.

Mr. JACOBS: Senator Raymond comes from the Beauharnois district?—A. He comes from there, and his brother was member there.

Q. The family rose there?—A. The whole community wanted to know when we were going to do something. They did not realize just—

*By the Chairman:*

Q. You say the Premier was waiting for the decision of the Supreme Court. What case was that?—A. I would not like to say—I have come to the conclusion that is one of the reasons why he was not in a hurry.

Q. Was there any other reason?—A. No, not that I can think of.

Q. You believed that to be a reason?—A. I now believe that fully to be the reason.

Q. What help do you think the decision of the Supreme Court gave him?—A. I think the information was quite relative.

Q. In what way?—A. It showed him the rights were entirely navigation in the Dominion and power rights in the province.

Q. You think that was the result?—A. I think if you read that unprejudiced, it is the result.

*By Mr. White:*

Q. Why should anybody be prejudiced about it?—A. Sometimes we cannot help it. Is that all, sir?

Mr. WHITE: That is all for me. By the way, Mr. Jones. There is something else, I am sorry. You were asked to bring with you the syndicate correspondence, prospectuses, etc., relating to this project?—A. I have none, sir.

Q. I understand you left all of those with the company, or the syndicate?—A. When I resigned I simply handed over the keys of the desk and walked out. Everything I had there belonged to the company. I had nothing.

Q. You left them there?—A. I left them there.

*By Mr. Hellmuth:*

Q. Just a moment, please. I do not know that I quite appreciated what you said about drawing off the water for power purposes from the Soulanges canal. What I thought you said was, it affected navigation?—A. Yes, drawing off water through there, from that point—

Mr. WHITE: Nobody can hear you.

*By Mr. Hellmuth:*

Q. From the point where?—A. From the point where the provincial power company plant is located.

Q. Yes.—A. Drawing that water out there must of necessity increase the current from there to the intake.

Q. Yes.—A. In the canal.

Mr. HELLMUTH: Which is detrimental to navigation, and that water is, I think, to use your expression, no way incidental to the canalization of the river.

*By Mr. White:*

Q. But, of course, drawing it off into the projected Beauharnois canal has not the same effect?—A. It would have absolutely the same effect.

Q. It would have?—A. If you draw water off in the canal it would make a Beauharnois forebay of the canal. You draw water in the power house, and it is going to increase the current, yes, sir. But the advisability, in my opinion, of making it so wide, so much wider, it does not detrimentally increase it.

Mr. WHITE: Mr. Griffith has suggested, Mr. Chairman, that in filing these corporate records, that he be permitted to make some explanations, and it is agreeable to me, if it is agreeable to the committee.

The witness retired.

HUGH B. GRIFFITH recalled.

*By Mr. White:*

Q. What do you produce, Mr. Griffith?—A. I have the minute books—they are just coming over. I have copies—

Q. I can see where I am going to have an evening's entertainment.—A. Copies of the minutes I think, have been supplied; in fact, I know they

have been supplied to Mr. King. The originals of the agreements I will have to-morrow, sir.

Q. Now, take the Beauharnois Light, Heat and Power Company first.—  
A. The Beauharnois Light, Heat and Power Company was incorporated in the year 1902, by a special Act of the Quebec Legislature, and I think the committee is familiar with that Act, and the amending Acts.

Q. We have it on file, anyway.—A. The minute book which I have here opens with the year in 1902, and carried through the corporate records up to the year 1927.

Q. Perhaps you better give us the first and last.—A. At which time we took over the—

Q. This contains the corporate records, starting at page two, with the minutes of a meeting on the 2nd April, 1922, and the last record in the book, extending to page 132, is the minutes of a meeting of directors on the 31st October, 1929.—A. That is right.

Q. That will be Exhibit No. 53.

(Minute book file and marked Exhibit 53.)

Q. Now, book No. 2 of the same company, the Beauharnois Light, Heat and Power Company, is a loose-leaf book, starting at page 1 with the minutes of a meeting of the board of directors on the 14th December, 1929. They do not overlap?—A. No.

Q. And containing the minutes of that date, and including a meeting of directors on the 25th day of March, 1931?—A. That is correct.

Q. And it starts at page 85 and closes at page No. 87.—A. That is right.

Q. Ending at page 86. Does this book also contain other corporate records?—A. No, sir, that is all.

Q. This will be Exhibit No. 54.

(Minute book put in and marked Exhibit No. 54.)

Q. Now, are those all of the minute books of that company?—A. They are.

Q. Then have you the agreement or copy of it between the Beauharnois Light, Heat and Power Company and the syndicate, by which the assets were transferred?—A. No. There is an agreement between the Beauharnois Power syndicate and the Beauharnois Power corporation whereby the assets of the Beauharnois Power syndicate are agreed to be sold to the Beauharnois Power Corporation. That agreement bears the date 31st October, 1929, and there is a similar agreement between the Beauharnois Company syndicate and the Beauharnois Power Corporation Limited, which bears the date of the 17th day of December. Each agreement—

Q. What year?—A. 1929. The second agreement gives effect to the conditions set out in the first agreement.

Q. The first agreement is the 31st October, 1929, and is between the Beauharnois Power syndicate and the Beauharnois Power Corporation Limited. It reads as follows:—

(EXHIBIT NO. 55)

MEMORANDUM OF AGREEMENT made in triplicate at the city of Montreal in the Province of Quebec this 31st day of October, one thousand nine hundred and twenty-nine.

*By and Between*

THE BEAUHARNOIS POWER SYNDICATE (hereinafter called the "Syndicate"), an unincorporated syndicate organized and existing under and in virtue of an agreement made at the city of Montreal on the fourth day of April, 1928, by and between F. Stuart Molson and others of the first part and Marquette Investment Corporation of the second part;

Party of the First Part.

and



BEAUHARNOIS POWER CORPORATION LIMITED (hereinafter called the "Corporation", a company incorporated by letters patent issued under the Companies Act of the Dominion of Canada;

Party of the Second Part.

and

MARQUETTE INVESTMENT CORPORATION (hereinafter called the "Depositary"), a company incorporated by letters patent issued under the Quebec Companies Act;

Party of the Third Part.

WHEREAS the Corporation has an authorized Capital Stock consisting of

- (a) five management preferred shares without nominal or par value, the holders of which have the exclusive right for a period of ten years from and after the date of the Letters Patent of the Corporation to elect and remove the Directors thereof, the holders of each of which Management Preferred shares has otherwise the same rights in respect thereof as if he were the holder of One Common Share and which Management Preferred Shares at the end of the said period of ten years shall automatically be converted into Common Shares;
- (b) 4,999,995 Common Shares without nominal or par value; of which 1,799,995 are Class "A" Common Shares and 3,200,000 are Class "B" Non-Voting Common Shares.

WHEREAS the said five Management Preferred Shares have been subscribed for by or on behalf of Newman, Sweezy and Company Limited and Dominion Securities Corporation, Limited, at one dollar (\$1) per share and have been issued to them and/or their nominees.

#### NOW THEREFORE, THIS AGREEMENT WITNESSETH:

That in consideration of the understandings and agreements hereinafter expressed the Syndicate and the Corporation have agreed together as follows:—

1. The Syndicate agrees to sell, transfer and deliver to the Corporation and/or its nominees and the Corporation agrees to buy, receive and pay for all the undertaking and assets of whatsoever nature (except any unpaid balances and any uncalled balances for which the syndicate members may be liable to the syndicate in respect of the Part-Interests of the Syndicate held by them respectively) of the syndicate.

2. The said transfer of the undertaking and assets of the syndicate to the corporation shall be made without any representations or warranty whatsoever as to the title and interest in and to such underaking and assets, but without any warranty of any kind on the part of the syndicate.

3. The consideration for the said sale and transfer shall be—

- (a) the sum of four million seven hundred and fifty thousand dollars (\$4,750,000) in lawful money of Canada payable to the syndicate by the corporation at the time and upon the conditions hereinafter mentioned; and
- (b) the assumption by the corporation of all the liabilities and obligations of the syndicate (except its liabilities and obligations to its members as such): and
- (c) the undertaking by the corporation to defray the expenses (to an amount not exceeding ten thousand dollars (\$10,000) of the winding-up of the affairs of the syndicate and the distribution of its assets among its members.

4. The said sum of four million seven hundred and fifty thousand dollars (\$4,750,000) shall be paid by the Corporation to the Syndicate upon the transfer and delivery of the said undertaking and assets of the syndicate to the corporation.

5. The obligation of the syndicate hereunder to sell, transfer and deliver and of the corporation hereunder to buy, receive and pay for, shall be conditional upon the following conditions having been fulfilled not later than the first day of November, 1929, or such later date as the syndicate from time to time may approve by resolution of the syndicate managers (which may be passed before, on or subsequent to the said first day of November, 1929):

- (a) That the necessary approval shall have been obtained under The Watercourse Act of the Province of Quebec of the site and plans of the Beauharnois Light, Heat and Power Company in order to permit that company to commence the construction of its proposed power development:
- (b) That the agreement between the Dominion of Canada and the Province of Quebec required by Condition No. 24 of the Order in Council of the Dominion of Canada dated March 8th, 1929, respecting the Beauharnois Light, Heat and Power Company and any subsequent order or orders in council which may have been passed modifying, extending or affecting the same shall have been executed:
- (c) That the requisite approval and permission of the Quebec Public Service Commission shall have been obtained in order to permit the said Beauharnois Light, Heat and Power Company to commence the construction of its proposed power development; and
- (d) That the syndicate and/or the Corporation shall have acquired the ownership or control of all the outstanding shares of the Beauharnois Light, Heat and Power Company free from all liens, charges or encumbrances.

And if all the conditions set out in this paragraph 5, shall not have been fulfilled on or before the first day of November, 1929, or such later date as may be approved by the Syndicate as hereinabove in this paragraph 5, provided, then this agreement shall be and become of no force and effect.

If all the conditions set out in this paragraph 5, shall have been fulfilled on or before the first day of November, 1929, or such later date as may be approved by the syndicate as hereinabove in this paragraph 5, provided, then the transfer of the assets and undertaking of the syndicate herein provided for shall be made as soon thereafter as the corporation shall have available from the proceeds of the sale of the Collateral Trust Bonds provided for in the agreement hereto annexed as schedule "A" sufficient moneys to make payment of the cash consideration herein provided for.

6. Provided the said undertaking and assets of the syndicate are transferred to and paid for by the Corporation as hereinabove provided, the syndicate agrees to subscribe for at one dollar (\$1) per share, one million \$1,000,000) class "A" common shares without nominal or par value of the corporation, such shares to be allotted and issued to or to the nominees of the syndicate, the said shares to be paid for at the time of the transfer and delivery of the undertaking and assets of the syndicate to the corporation and/of its nominees and the payments of the said sum of four million seven hundred and fifty thousand dollars (\$4,750,000) by the corporation of the syndicate.

7. The undertakings of the syndicate hereunder are given and made upon the understanding and condition that the corporation will enter into an agreement with Newman, Sweezey and Company, Limited and Dominion Securities Corporation Limited respecting the subscription for and purchase by said Newman, Sweezey and Company, Limited, and Dominion Securities Corporation, Limited, of certain collateral Trust Bonds and Common Shares of the Corporation and respecting the arrangements in regard to the purchase of certain First Mortgage Bonds of the Beauharnois Light, Heat and Power Company the whole substantially in the form of the agreement annexed hereto as Schedule "A" or to like affect.

8. The syndicate shall not be obliged to deliver any title, deeds, certificates of search, abstracts of title, proof or evidence of title, or copies thereof, respecting the undertaking and assets hereby agreed to be sold and purchased other than those in its possession.

9. The Depositary hereby acknowledges to have taken communication of the terms, provisions and conditions of this agreement and acknowledges that the assets of the syndicate are in its custody as depositary of the syndicate and hereby covenants and agrees that subject to any privilege or lien to which it may be entitled the same will be held and dealt with by it upon and subject to all the terms, provisions and conditions set out in this agreement, and hereby agrees to execute and do, at the expense of the Corporation, all such documents and things as may be necessary or useful to transfer to and vest in the corporation and/or its nominees the title to the undertaking and assets of the Syndicate, the whole upon and subject to all the terms, provisions and conditions of this agreement.

10. This agreement shall have no force or effect and shall not be binding or obligatory upon any of the parties hereto unless and until the same shall have been approved by a resolution passed at a general meeting of the members of the syndicate called and held for the purpose; provided, however, that such approval if granted prior to the time of the condition contained in this paragraph 10.

11. This agreement shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed these presents on the date and at the place firstly above written.

In the presence of:

E. S. COLEMAN.      THE BEAUHARNOIS POWER SYNDICATE,  
By R. O. SWEZEY, *President* and HUGH B.  
GRIFFITH, *Secretary*.

N. MCCALLAN.      BEAUHARNOIS POWER CORPORATION, LIMITED,  
By M. H. KELLY, *President*, and Lyla  
BRENNAN, *Secretary*.

E. S. COLEMAN.      MARQUETTE INVESTMENT CORPORATION,  
By HENRY NEWMAN and F. S. MOLSON.

Q. M. H. Kelly and Lyla Brennan are two stenographers here in Ottawa, I understand, in one of the lawyers' offices?—A. That is right.

Q. In the office of McGiverin, Haydon & Ebbs?—A. That is right.

Q. And signed on behalf of the Marquette Investment Corporation by Henry Newman and F. S. Molson. That will be exhibit No. 55.

(Document filed and marked exhibit No. 55.)

Q. Now I take it, Mr. Griffith, and you will correct me if I am wrong, that the actual assets which were transferred by that agreement were the hundred



per cent of the shares of the Beauharnois Light, Heat and Power Company, Limited?—A. It included the shares.

Q. And did it include anything else?—A. Yes, the syndicate by that time—I am sorry I have not got my balance sheet available—we had not only purchased and paid for the shares of the Beauharnois Light, Heat and Power Company, but it also incorporated and owned all the shares of the Beauharnois Construction Company; it had acquired and held a very large investment of real estate in the county of Beauharnois, on investment which on that day must have been well over \$1,000,000; it also had expended a very substantial sum of money on account of engineering, legal and other expenses, which were carried as an asset into the Beauharnois Light, Heat and Power Company.

Q. And these were the things that were transferred?—A. That is right.

Q. In addition to the shares in the Beauharnois Light, Heat and Power Company?—A. That is right.

Q. The syndicate books will show, I understand, what the actual investment up to that time was?—A. They will reveal that, all that completely in detail.

Q. And the expenditures for land, for engineering, and for legal expenses were included as assets of the syndicate?—A. That is right, sir.

Q. Then, you show me an agreement which appears to have been dated the 7th December, 1929?—A. The 17th December.

Q. The 17th, I should say, between the Beauharnois Power Syndicate, the Beauharnois Power Corporation Limited, and the Marquette Investment Corporation, reciting the agreement which you have just filed, providing as follows: "1. The syndicate hereby sells, transfers and makes over to the corporation, and the corporation hereby purchase and accepts all the undertakings and assets of whatsoever nature of the syndicate . . ." and so on. Apparently it simply implements—A. It is a deed of sale.

Q. Implements the formal agreements?—A. Yes.

Q. It will be Exhibit 56.

(Agreement filed and marked Exhibit 56.)

Q. Then, have you the minute book of the first syndicate?—A. Yes.

Q. Is this the original?—A. That is the original yes. The only book we ever had. It did not last long.

Q. You show me a minute book, containing minutes of a meeting of a board of managers of the Beauharnois syndicate, starting with a meeting on March 2, 1928, at page 1, ending with a meeting on the 10th April, 1928, starting at page 23, and ending at page 27. I understand, Mr. Griffith, that this syndicate started to operate on the 12th April, 1927.—A. The 12th May, 1927. As a matter of fact, I presume the syndicate started to operate when money was first collected by Mr. Swezey and devoted to the enterprise, when we first purchased the Robert assets and first collected or rather accepted the subscriptions of money from individuals for that purpose.

Q. When was that?—A. That purchase was made on the 3rd of February, 1927.

Q. Where are—A. Must have been available a day or two before that.

Q. Where are the minutes up to that time?—A. There are no minutes. We started very informally, didn't organize the syndicate until some time afterwards. On the 12th May, 1927, he assigned his rights in the agreement between Roberts and himself to the Marquette Investment corporation.

Q. We do not want to touch that just for a moment. What I am concerned about is, I want to see that I am covering the whole ground.—A. There were no syndicate minutes.

Q. There were no syndicate minutes prior to the 2nd March, 1928?—A. That is right.

Q. You were acting at that time as the secretary?—A. I was, yes.

Q. Your duties were not very heavy as secretary to the syndicate?—A. I was acting.

Q. Performing whatever duties there were to perform?—A. That is correct.

Q. You were keeping the books of the syndicate?—A. I was responsible for their books.

Q. They will show the monies received?—A. They will.

Q. And from whom?—A. And from whom.

Q. And the time of each?—A. And the time of each.

Q. Is there a syndicate register?—A. A syndicate members' register?

Q. Yes.—A. Similar to a share register?

Q. Yes.—A. Yes there is, Mr. White.

Q. Where is that?—A. It is with Mr. King in Montreal to-day. We will have them here to-morrow.

Q. They will show the members of the syndicate from time to time, and the number of shares held by each, will they?—A. Yes. It will not show the dates.

Q. I mean the transfer.—A. In the early stages of it, the original payments were made, but those dates may be obtained from the books, and I believe they are being obtained.

Q. Then this will be Exhibit 57.

The CHAIRMAN: The minute book of what?

Mr. WHITE: The minute book of the first syndicate.

(Minute book filed and marked Exhibit 57).

Q. Then you show me the minute book of what is called the second syndicate, starting at page 1, a meeting on the 4th April, 1928, of the Syndicate Managers, and ending with a meeting on the 4th of December, 1929, and the minutes of that meeting start on page 151 and end on page 167.

Hon. Mr. MACKENZIE: What is the date of the first meeting, Mr. White?

Mr. WHITE: The 4th of April, 1928. On the front of that page, that is, opposite page 1, there is this memorandum, or whatever it is:

We, the undersigned, Syndicate Managers of the Beauharnois Power Syndicate, hereby waive notice of the time, place and purposes of a meeting of the Syndicate Managers to be held at the City of Montreal on the fourth April, 1928, and we hereby consent that the said meeting be deemed to be in every way validly called and held.

Mr. FORSYTHE: As I understand it, Exhibit 57 is the Minutes of the Beauharnois Syndicate, and you are now putting in the Minute Book of the Beauharnois Power Syndicate.

Mr. WHITE: Yes. This will be Exhibit 58.

*By Mr. White:*

Q. The Syndicate Managers being, Mr. F. Stuart Molson, Mr. Ivan L. Ibbotson, Miss Hilda Knight, Mr. L. Clare Moyer, Mr. Robert Haldenby.—A. They were provisional, corporate.

Q. They were not incorporated.—A. They correspond to provisional.

*By the Chairman:*

Q. You say that these Syndicate Managers were commonly called dummies.—A. They were replaced in part during that very meeting. I have a list of all the Syndicate Managers, their date of election, resignation or replacement.

*By Mr. White:*

Q. And next, a meeting of Syndicate Managers, Special General Meeting of the Beauharnois Power Syndicate, held on the 4th April, 1928, at which were present:—

R. O. Sweezy,  
Hugh B. Griffith,

R. W. Steele,  
L. Clare Moyer,  
Miss Hilda Knight,

And The Beauharnois Syndicate by its proxy, Mr. H. Newman, being a representation in person and by proxy of all the Members of the Syndicate.

And Mr. Griffiths is going to give me a memorandum showing who the Syndicate Managers were from time to time, which will save the necessity of going through this book. Then you were going to show me the agreements spoken of by the Chairman.—A. Yes, here they are.

Q. You show me a copy of agreement dated the 12th of May, 1927, entitled "Beauharnois Syndicates—Syndicate Agreement"—12th May, 1927:—

#### EXHIBIT NO. 59

Memorandum of Agreement made in duplicate in the City of Montreal in the Province of Quebec as of the twelfth day of May, One thousand nine hundred and twenty-seven:

By and Between:

Robert Oliver Sweezey of the City of Westmount in the province of Quebec, hereinafter referred to as "Sweezey,"  
Party of the First Part  
and:

MARQUETTE INVESTMENT CORPORATION, a company fully incorporated by Letters Patent of the Province of Quebec, hereinafter called the "Depository";

Party of the Second Part.

Mr. WHITE: Does it make any difference if Mr. Symmes reads this, Mr. Chairman?

The CHAIRMAN: Not at all, Mr. White. That will be Exhibit No. 59.

Mr. SYMMES (Reading):

Whereas by a memorandum of agreement bearing even date herewith (a copy of which together with copies of the Schedule therein referred to are annexed as Schedule "X" to these presents) Sweezey has transferred to the Depository all his rights and interests in and to and arising out of two agreements therein referred to, and in and to the assets and things covered by the said two agreements, which said rights and interests are hereinafter referred to as "the rights and interests transferred"; and

Whereas the rights and interests transferred have been so transferred to the Depository to be held by it in trust for the purposes and upon and subject to all the trusts, provisions and conditions in these presents set out;

Now, therefore, these presents witness as follows:—

1. The rights and interests transferred shall be held and dealt with by the Depository in trust for and on behalf of the Syndicate hereinafter mentioned, and upon and subject to all the trusts, provisions and conditions of these presents.

2. Any and all other property, money, assets or rights of whatsoever nature which may hereafter be transferred to or placed in the custody of the Depository by or on behalf of the said Syndicate shall be held and dealt with by the Depository in trust for and on behalf of the said Syndicate and upon and subject to all the trusts, provisions and conditions of these presents.



3. The Syndicate shall be known as "The Beauharnois Syndicate" and shall consist of Sweezey, together with the other persons hereinafter nominated as Syndicate Managers and such other persons as shall from time to time be admitted to membership therein by the Syndicate Managers in accordance with the Provisions hereof and of the By-Laws hereinafter provided for.

4. The purposes for which the Syndicate has been organized are all or any of the following, namely:

- (a) To acquire, hold, use, administer, develop, improve, turn to account, grant leases of, sell, exchange, mortgage, hypothecate, pledge or otherwise dispose of or deal with, in whole or in part, "the rights and interests transferred";
- (b) To acquire by purchase, lease or otherwise hold, use, administer, develop, improve, turn to account, grant leases of, sell, exchange, mortgage, hypothecate, pledge or otherwise dispose of or deal with any other property, rights and concessions, and in particular any property, rights and concessions which may be necessary or useful for the development of the water powers existing by reason of the difference in level between Lake St. Francis and Lake St. Louis;
- (c) To develop or cause to be developed the water powers existing by reason of the difference in level between Lake St. Francis and Lake St. Louis;
- (d) To promote or cause to be promoted, contribute to, subsidize or otherwise assist, any companies, syndicates or enterprises for the purpose of doing or causing to be done any of the above things, or carrying on or proposing to carry on any business or enterprise similar to that of the Syndicate, or capable of being conducted so as directly or indirectly to benefit the Syndicate, and to subscribe, take, acquire, pay for, hold, sell or otherwise dispose of or deal in any shares or interests in or securities of such companies, syndicates or enterprises;
- (e) To subscribe for, take, acquire, pay for, hold, sell or otherwise dispose of or deal in such shares, interests in or securities of any company, syndicate, partnership, firm or undertaking as the Board of Syndicate Managers may deem expedient or useful;
- (f) To employ engineers, architects, appraisers and other experts to investigate, examine into and report upon any undertaking, project, proposal, property or rights of any kind, and the condition, prospects, value and character of the same;
- (g) To invest money at interest on the security of property, movable or immovable, and generally to lend and advance money to such persons and upon such terms and subject to such conditions as may be deemed expedient;
- (h) To receive money or deposit at interest or otherwise, and to advance and lend money and assets of all kinds upon such terms as may be arranged;
- (i) To take part in the management, supervision or control of the business or operations of any company or undertaking, and for that purpose to appoint and remunerate any directors, accountants or other experts or agents;
- (j) To apply for, purchase or otherwise acquire, any trade-marks, trade names, patents, licences, concessions and the like, conferring any exclusive or non-exclusive or limited or unlimited right to use, or any secret or other information as to any invention

- formula, receipt or process, which may seem capable of being used for any of the purposes of the Syndicate, or the acquisition of which may seem calculated, directly or indirectly, to benefit the Syndicate, and to use, exercise, develop or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired;
- (k) To enter into partnership, or into any arrangement for sharing of profits or expense, union of interests, co-operation, joint adventure, reciprocal concession, or make other working arrangements with any person, company or enterprise carrying on any business similar to that which the Syndicate is organized to carry on, or business capable of being conducted so as directly or indirectly to benefit the Syndicate, and to manage, operate and carry on the property, undertakings and affairs of any such business and to acquire the same, including its good will, rights, liabilities and other accessories by purchase, lease or otherwise;
  - (i) To issue, allot and deliver as fully paid up and non-assessable, or partly paid up, the part-interests of the Syndicate in payment or part payment of any securities, rights or things that it can acquire, or in payment or part payment for any services rendered to the Syndicate, whether in connection with the promotion and organization of its business or otherwise, or in or towards the payment or satisfaction of debts and liabilities owing by the Syndicate;
  - (m) To sell, lease, or otherwise dispose of or deal with the whole or any part of the undertaking of the Syndicate and of its assets and goodwill and rights and obligations of any kind, for such consideration as the Syndicate Managers may think fit, including shares, debentures and other securities of any corporation, and to distribute among its members any such securities or other consideration so received;
  - (n) To acquire the goodwill, property, rights and assets, either with or without assuming the liabilities of any person, firm, corporation or enterprise, capable of being conducted so as directly or indirectly to benefit the Syndicate, or possessed of property suitable for the Syndicate, and to pay for the same in case or in fully paid up and non-assessable or in partly paid part-interests or securities of the Syndicate or otherwise;
  - (o) To make advances to or guarantee the obligations or contracts of or otherwise assist in any manner any company whose shares of capital stock, bonds or other obligations are held in whole or in part by the Syndicate, and to do any act or thing for the preservation, improvement or enhancement of the value of any such shares, bonds or obligations; and in like manner to advance money to or guarantee the contracts of or otherwise assist any person, firm or company having business engagements with the Syndicate or indebted to it;
  - (p) To lend money to persons or companies having dealings with the Syndicate and to invest and deal with any funds or assets not immediately required for the purpose of the Syndicate as may be deemed expedient;
  - (q) To enter into any arrangement with any authority or government, municipal, local or otherwise, that may seem conducive to the objects of the syndicate, or any of them, and to obtain from any such authority or government any rights, privileges, con-

- cessions, subsidies or other benefits which it may seem desirable to obtain, and to carry out or exercise and comply with any such arrangements, rights and benefits;
- (r) To carry on any other business which may seem to the syndicate managers capable of being conveniently carried on in connection with its business, or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the syndicate;
  - (s) To distribute amongst the members of the syndicate and other persons entitled thereto in kind any property of the syndicate, and in particular any shares, debentures or securities which the syndicate may have power to dispose of;
  - (t) To pay all costs incidental to or in connection with the formation and organization of the syndicate, and to do all such things as are incidental or conducive to the attainment of the above objects, and to promote any company or companies for the purpose of acquiring any or all of the undertakings, assets, rights or liabilities of the syndicate, or for any other purposes which may seem calculated to benefit the syndicate;
  - (u) To do all or any of the above things as principals, agents, contractors, managers, supervisors or otherwise and by or through trustees or agents, or any corporation or other syndicate, or otherwise, and either alone or in conjunction with others, and to do all such things as may be incidental or conducive to the attainment of the above objects;
  - (v) Such other purposes as may from time to time be decided upon by the board of syndicate managers, provided the same be approved by the holders of a majority in number of the outstanding part-interests of the syndicate.
5. (a) The capital of the syndicate shall be divided into not more than four thousand (4,000) part-interests without nominal value, provided, however, that the maximum number of part-interests into which the capital may be divided may be increased from time to time to not more than five thousand (5,000) part-interests by the board of syndicate managers;
- (b) Each part-interest shall be equal to every other part-interest. At all meetings of members of the syndicate each member shall have one vote for each part-interest held by him;
  - (c) Part-interests may be allotted by the board of syndicate managers from time to time as they deem expedient and for such consideration as they deem appropriate, and either as fully paid up or subject to subsequent calls thereon.
  - (d) Part-interests shall be transferable only on the books of the syndicate by the registered holder thereof, or by duly authorized attorney, provided, however, that no transfer of any part-interest shall have any effect unless and until permitted or approved by the board of syndicate managers, who need not give any reason for refusal of such permission or approval and shall be free to exercise their unfettered discretion in this connection; it being hereby understood and declared that the undertaking of the syndicate is of such a nature that the character and identity of the various members thereof is of vital importance to the successful carrying out of such undertaking;
  - (e) The depositary shall be the transfer agent and registrar of part-interests of the syndicate, and there shall be kept by the



depository on behalf of the syndicate a book or books wherein shall be kept and recorded,—

- (i) the names alphabetically arranged of all persons who are or have been members;
- (ii) the address and calling of every such person while a member;
- (iii) The number of part-interests held by each member;
- (iv) the amounts paid in and remaining unpaid respectively on the part-interests of each member;
- (v) all transfers of part-interests in their order as presented to the depository for entry, with the date and other particulars of each transfer and the date of entry thereof; and
- (vi) the names, addresses and callings of all persons who are or have been syndicate managers, with the several dates at which each became or ceased to be a syndicate manager;

Such book or books during reasonable business hours of every day, except Sunday and holidays, shall be kept open for the inspection of members of the syndicate and their personal representatives at the office of the depository;

- (f) Certificates representing the issued fully paid part-interests in the syndicate shall be issued to the holders of such part-interests by the depository on behalf of the syndicate, and the depository may decline to register any transfer of the part-interests represented by any certificate unless such certificate be surrendered to it;
- (g) No transfer of any part-interest shall be valid for any purpose whatsoever until entry thereof has been duly made in the transfer kept by the depository, except for the purpose of exhibiting the rights of the parties thereto towards each other;

6. The chief place of business of the syndicate shall be maintained at the office of the depository, and the syndicate may maintain such other places of business as the board of syndicate managers may deem advisable.

7. (a) The property, rights, affairs and concerns of the syndicate shall be managed and controlled by a board of five syndicate managers, but the number of syndicate managers may from time to time be decreased to not less than three, or increased, provided such decrease or increase receive the approval of members holding a majority in number of the then outstanding part-interests.

- (b) No person (other than those nominated by subsection (c) hereof to be the first Syndicate Managers) shall be qualified to be elected, or appointed or to act as a Syndicate Manager unless he be a member of the syndicate holding at least one part-interest therein;
- (c) The said Sweezey and Henry Newman and Robert W. Steele both of the city of Westmount and Hugh B. Griffith and William H. Robert, both of the city of Montreal shall be the first Syndicate Managers until replaced by others duly appointed in their stead;
- (d) The said Sweezey, Newman and Griffith are hereby acknowledged and declared to be directors and shareholders of and financially interested in Newman, Sweezey & Company Limited and it is understood and agreed that the said Sweezey, Newman and Griffith shall not nor shall any of them be accountable to the syndicate nor to any of the members thereof for or in respect of

any profits which they or any of them may make through their or his interest in Newman, Sweezy & Company Limited arising out of contracts or dealings which said Newman, Sweezy & Company Limited may now or hereafter have with the Syndicate, nor shall the said Newman, Sweezy & Company Limited be accountable for any profits which it may make arising out of any such contracts or dealings.

The said Steele is hereby acknowledged and declared to be a director and shareholder of and financially interested in the Dominion Securities Corporation Limited and it is understood and agreed that the said Steele shall not be accountable to the syndicate nor to any of the members thereof for or in respect of any profits which he may make through his interest in said The Dominion Securities Corporation Limited arising out of contracts or dealings which said The Dominion Securities Corporation Limited may now or hereafter have with the syndicate nor shall the said The Dominion Securities Corporation Limited be accountable for any profits which it may make arising out of any such contracts or dealings;

The said Robert is hereby acknowledged and declared to be interested in the "rights and interests transferred" in that he is one of the vendors thereof to the said Sweezy and it is understood and agreed that the said Robert shall not be accountable to the syndicate nor to any of the members thereof for or in respect of any profits which he may make through his interest in the "rights and interests transferred" or the purchase price thereof;

- (e) The Syndicate Managers shall be elected by the members in general meeting at such times, in such manner and for such terms as the by-laws of the syndicate from time to time prescribe. If at any time an election of Syndicate Managers is not made or does not take effect at the proper time, such election may take place at any subsequent special general meeting of the members of the syndicate called for the purpose, and the retiring Syndicate Managers shall continue in office until their successors are elected;
- (f) Every Syndicate Manager and his heirs, executors, administrators and estate and effects respectively, shall be indemnified and saved harmless out of the funds of the syndicate from and against all costs, charges and expenses whatsoever which such Syndicate Manager sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him in or about the execution of the duties of his office; and also from and against all other costs, charges and expenses which he sustains or incurs in or about, or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default;
- (g) Any member of the syndicate or person owning a part-interest may contract or deal in his own right, or be interested in a firm or company which contracts or deals with the syndicate, without being responsible to the syndicate for any profits made by so doing;
- (h) Any Syndicate Manager may contract or deal in his own right, or be interested in a firm or company which contracts or deals with the syndicate and if disclosure is made in writing to the

Syndicate Managers of such separate interest (without it being necessary to disclose the nature or extent of such interest) neither he nor such firm or company shall be responsible to the syndicate for any profits made by him or such firm or company as a result of such contract or dealing.

8. The Board of Syndicate Managers shall in all things administer, manage and control the property, rights, affairs, concerns, business and undertaking of the syndicate, and make or cause to be made for the syndicate any description of contract which the syndicate may by law enter into, and do or cause to be done anything which the syndicate as a whole can do, or cause to be done, the whole however subject to the restrictions and provisions contained in Article 9 thereof.

9. The Board of Syndicate Managers may borrow money for and incur liabilities on behalf of the syndicate upon such terms and conditions as they deem expedient, provided however that no loans may be effected nor other liabilities incurred except upon the condition assented to by the creditors of such loans or other liabilities that neither the Syndicate Managers nor any other members of the syndicate shall be personally liable for the repayment of such loans or liabilities, and that the creditors of such loans or liabilities shall be entitled to look only to the assets of the syndicate, or the proceeds thereof, for repayment. Nothing herein contained, however, shall be construed so as to prevent any member of the syndicate who is willing to do so, from personally guaranteeing or rendering or rendering himself liable for the repayment of any loan or other liability of the syndicate.

10. The Board of Syndicate Managers may, from time to time in their discretion distribute among the members of the Syndicate (pro rata in accordance with their respective holdings of part-interests) the profits and other assets of the Syndicate.

11. The Depositary shall deal with all the property, rights and assets of the Syndicate from time to time in its custody in accordance with the orders and instructions of the Board of Syndicate Managers, provided that in all cases in which the Depositary is ordered or instructed by the Board of Syndicate Managers to do in respect of such property, rights and assets, or any part of them anything which under the provisions hereof requires the approval of any proportion of the members of the Syndicate, then the Depositary before doing such things shall require evidence satisfactory to it that such approval has been obtained.

12. (a) The reasonable remuneration of the Depositary for its services, whether rendered under or as a result of this agreement, or in connection with any of the property, rights and assets of the Syndicate from time to time in the custody of the Depositary, and all expenditures and liabilities made or incurred by the Depositary under or as a result of this agreement, or in connection with such property, rights and assets, shall be paid by the Syndicate together with interest at the rate of six per cent, (6%) per annum on the amount of such remuneration and expenditures from the date when such remuneration shall be payable, or from the date of such expenditures, and such remuneration, expenditures and liabilities shall be a first charge or lien upon the property, rights and assets from time to time in the custody of the Depositary, and the Depositary shall have the right to retain such property, rights and assets until payment of such remuneration, expenditures and liabilities. The Depositary shall



be entitled to apply any moneys of the Syndicate from time to time in its hands towards the payment of such remuneration, expenditures and liabilities.

- (b) The Depositary, in relation to these presents, or in respect of any matter or thing arising out of these presents, may act on the opinion or advice of or information obtained from any lawyer, valuer, surveyor, broker, auctioneer, or other expert, employed in good faith by it, and shall not be responsible for any loss occasioned by acting or not acting thereon, and shall be entitled to take legal or other advice and employ such assistance as may be necessary to the proper discharge of its duties, and to pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid.
- (c) Any such advice, opinion or information may be sent or obtained by letter, telegram or cablegram, or otherwise, and the Depositary shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telegram or cablegram, or otherwise, although the same contains some error or shall not be authentic.
- (d) The Depositary shall be at liberty to place all bonds, stocks, share certificates, debentures or other securities or deeds or other documents of title, or records, from time to time placed in its custody, in any safe or receptacle selected by the Depositary, or with any bank or banking company, or with any lawyer or firm of good repute, or any custodian in any part of the world, and the Depositary shall not be responsible for any loss incurred as a result of so doing, and the Depositary may pay all sums required to be paid in this connection.
- (e) The Depositary shall not be responsible for any misconduct on the part of any attorney, banker, lawyer, agent or other person appointed by it hereunder or bound to supervise the proceedings of any such appointee.
- (f) The Depositary shall not be required to give security for its conduct or administration and shall not be responsible for the acts, omission, defaults, errors, fraud, fault or misconduct or any agents whom it may in good faith employ in the exercise of the powers or duties conferred upon it hereunder, nor for loss occasioned by its own acts, omissions or defaults, unless such acts, omissions or defaults constitute a breach of trust knowingly and intentionally committed by the Depositary.
- (g) The authenticity of all acts, requests, resolutions and directions of the Syndicate and/or of the Board of Syndicate Managers and/or of any officer or officers of the Syndicate shall be deemed for the protection of the Depositary to be conclusively proven by a certificate signed by any person being, or by the Depositary believed to be, a Syndicate Manager or officer of the Syndicate.

13. The Depositary may resign as Depositary hereunder by giving notice in writing to the Board of Syndicate Managers of its intention so to do and such resignation shall take effect thirty (30) days after the delivery of such notice to the Board, or on such earlier date as a successor Depositary shall be appointed as hereinafter provided.

14. The Depositary may be removed from office hereunder by a resolution approved by the votes of members holding a majority of the issued part-interests of the Syndicate.

15. In the event of the resignation or removal of the Depositary from office hereunder a successor Depositary (which shall be an incorporated company) shall be appointed by the members of the Syndicate in general meeting assembled and upon such appointment being made all the powers, duties, liabilities and functions of the Depositary hereunder shall vest in and become incumbent upon the successor Depositary to all intents and purposes and all the property, rights and assets in the custody of the Depositary shall be placed in the custody of the successor.

16. The By-laws set out in Schedule "Y" hereto annexed shall be the By-laws of the Syndicate. Such By-laws, and any other By-laws which may hereafter come into force and effect, may be added to, amended, repealed or re-enacted at any time by resolution passed at a general meeting of members called for the purpose, or by resolution passed at a meeting of the Board of Syndicate Managers, but any addition, amendment, repeal or re-enactment made by the Syndicate Managers shall only have force and effect until the next annual general meeting of members of the Syndicate, or until a special general meeting of members of the Syndicate called during the interval for the purpose of confirming the same, and in default of confirmation at such annual or special general meeting, any such addition, amendment repeal or re-enactment shall have no force or effect thereafter.

17. It is understood and agreed that in consideration of the transfer to the Depositary by Sweezey of the rights and interests transferred—

- (a) Sweezey shall be entitled to receive forthwith as fully paid up and non-assessable Six hundred (600) part-interests of the Syndicate;

The CHAIRMAN: That is, 600 out of the 4,000.

Mr. SYMMES: Yes, Mr. Chairman;

*By the Chairman:*

Q. It was 4,000 when this agreement was entered into?—A. Yes, sir.

Q. So that the 600 came out of the Syndicate when its total authorized unit actually was 4,000.—A. I believe that is so, sir.

Mr. SYMMES: (continuing reading):

- (b) Messrs. Newman, Sweezey & Co., Limited and Dominion Securities Corporation Limited shall jointly have the right to subscribe or procure subscribers for or underwrite any and all bonds, debentures, shares and other securities which may hereafter be issued by Beauharnois Light, Heat and Power Company or any other company promoted by, or directly or indirectly controlled by or for the Syndicate, at fair and reasonable prices for such securities, having in view the market conditions prevailing at the time of such issue.

18. This agreement may be modified, amended or added to in any manner and to such effect as may be approved by the members of the Syndicate holding a majority of the outstanding part-interests of the Syndicate, but no change or modification of the provisions constituted for the protection or benefit of the Depositary, including its remuneration and compensation, shall be made without its, the Depositary's, express written consent, and no change or modification shall be made to the provisions of sub-paragraph (c) of paragraph 17 hereof without the express written consent of the said Newman, Sweezey & Co., Limited and the

said Dominion Securities Corporation Limited. All modifications, amendments or additions to this agreement approved by a majority of the members of the Syndicate shall be notified to the Depositary forthwith.

19. This agreement shall continue in full force and effect until all the assets of the Syndicate shall have been distributed or otherwise disposed of.

In witness whereof the parties hereto have executed these presents as of the date firstly above written.

R. O. SWEZEY,

In the presence of:

H. M. KNIGHT,

MARQUETTE INVESTMENT CORPORATION,

By

R. W. STEELE,

HUGH BE. GRIFFITH.

16 R.O.S.

R.W.S. H.B.G.

*By Mr. White:*

Q. Now, have you the second Syndicate agreement? By the way, were there any further agreements in reference to the first syndicate?—A. The Syndicate agreement had attached to it, as schedules, the two agreements which Swezey entered into with Robert.

Q. Well, we had better have those.

The CHAIRMAN: Better make them all one Exhibit.

The WITNESS: That is the first agreement between Robert and Swezey, and this is Robert, Swezey and the National Trust. It has attached to it, as a schedule, the one I just gave you.

*By the Chairman:*

Q. Mr. Griffith, in the agreement which has just been filed creating the first Syndicate, with an authorized unit capital of 4,000 units, I do not see anything in that agreement that fixes a price for the units?—A. There was nothing, Mr. Chairman.

Q. How were the prices fixed under that agreement?—A. Under the agreement they were left to the absolute discretion of the Syndicate Managers.

Q. Yes, I imagined that is what happened. Then could you tell me if the 3,400 shares that were left in the Syndicate, after Swezey got his 600, were sold at a uniform rate?—A. No, sir. They were sold at different prices.

Q. As the project progressed, I presume, and became more attractive the price went up?—A. Well, partly so and partly for other reasons. The price was smaller for larger investments. I would prefer to wait until I had my books available to give you the exact price at which they were sold and the times at which they were sold.

Q. Could you tell me then, were all the balance of the First Syndicate units, that is the 3,400, sold?—A. They were all sold, sir.

Q. And could you tell me approximately the amount of money they realized for the Syndicate?—A. The whole 5,000, that would include your question plus the other thousand—I am afraid I cannot tell you what the 3,400 realized apart from the whole business.

Q. When the Syndicate unit capital was subsequently, as I believe it was, increased to 5,000, were there any of those extra 1,000 units transferred to anyone for other than cash in the same manner that the 600 were transferred to Swezey?—A. No additional units were issued to anybody for other than cash except the 600 that went to Swezey.



Q. Yes. So that that left 4,400, and they were all sold, paid for in cash?  
—A. Yes, sir.

Q. Were they all sold?—A. They were all sold.

Q. And how much cash approximately did that bring into the treasury of the Syndicate?—A. \$261,000 exactly.

*By Mr. White:*

Q. When Mr. Swezey got his 600 units did he also get back either by way of agreement to pay or any other way, the \$100,000 which he either had to pay or agreed to pay to Robert?—A. Yes, he did. He received that as well.

Mr. WHITE: Mr. Chairman, I have a letter here written to me from Toronto under date of July 4, 1931, from a gentleman named Duncan McIntosh, who names a lot of other prominent gentlemen. He previously had written to me stating he wanted to appear before the committee, and by direction of the Chairman I wrote to him asking him what evidence he proposed to give in order that I might place it before the committee to see whether this evidence would be relevant to the matters that we are inquiring into. This is his reply:—

Hon. Mr. MACKENZIE: Is he willing to come up before the committee? We cannot accept his evidence unless he appears.

Mr. WHITE: I quite appreciate that. There is nothing in this which is by way of being evidence.

The CHAIRMAN: I think we will leave the letter to counsel for the committee to deal with.

Mr. WHITE: I would like the approval of the committee for what I have done in the matter. I wrote him this letter:—

I beg to acknowledge receipt of your communication of the 4th inst., for which I thank you. In order that I might be able to place this matter properly before the committee, it will be necessary for you to give me a short statement of what you expect to be able to establish by the evidence of each of the witnesses named in your letter, so that the committee may determine whether that evidence is of importance and properly receivable. Will you kindly let me hear further from you with this information?

The CHAIRMAN: I think counsel has taken the proper course, so that no one can complain that they have not been given every opportunity to appear.

The CHAIRMAN: I presume the exhibits can be made available to-night, if necessary.

Mr. WHITE: Mr. Griffith has kindly said he will let me have copies of those documents which are already filed, for my perusal. The others are pretty formidable looking. Perhaps if the counsel or officers of the Beauharnois Company are not needing them to-night they might be left in the care of the Clerk of the Committee, and kept safely somewhere, so that I could see them if occasion arose. That will obviate the necessity of taking them down and back.

The CHAIRMAN: Will that be satisfactory to you, gentlemen?

Mr. GRIFFITHS: I think so. I have no objection if they are in a safe place here. I am responsible for their custody.

Mr. HELLMUTH: We will not require them to-night.

The CHAIRMAN: Gentlemen, what about sitting in the evenings?

Hon. Mr. MACKENZIE: Could we have any indication from counsel as to how long the evidence will take? I would like personally to sit in the evenings.

Mr. WHITE: I find a great deal of difficulty, Mr. Chairman, in visualizing the amount of material that I have to place before the committee. I just came into the thing about two days before the committee started to sit, and I have been working at it very steadily ever since.

The CHAIRMAN: I doubt, Mr. Mackenzie, if we are going to make very much progress at the present time sitting in the evenings. I have found it most difficult in my practice going into a matter of this kind if I have not had an opportunity to peruse the documents. I think we had better postpone the idea of sitting in the evenings until a little later.

We will adjourn until to-morrow morning at 11 o'clock.

(Part of Exhibit No. 59)

## SCHEDULE "Y"

### THE BEAUHARNOIS SYNDICATE

#### BY-LAW No. 1

##### *Fiscal Year*

The fiscal year of the Syndicate will end on the thirty-first day of December in each year, but the first fiscal year shall end on the thirty-first day of December, 1928, and shall comprise the period between the twelfth day of May, 1927, and the thirty-first day of December, 1928.

#### BY-LAW No. 2

##### *General Meetings of Members*

(a) The annual general meeting of the members of the Syndicate shall be held at such time, on such date not more than three months after the end of each fiscal year commencing with the fiscal year ending on the thirty-first day of December, 1928, as the Syndicate Managers may determine, at the chief place of business of the Syndicate, or at such other place in Canada as the Syndicate Managers may determine.

##### *Special General Meetings*

(b) Special general meetings may be called at any time by the President or on resolution of the Board of Syndicate Managers, and must be called upon written request representing at least one-fourth of the outstanding part-interests of the Syndicate, and shall be held at the chief place of business of the Syndicate or at such other place as may be fixed by the notice calling the same.

##### *Notices*

(c) Notices of general meetings (whether annual or special) shall indicate the time and place of the meeting, and shall be given by letter mailed to each member at least ten days before the date of the meeting to the address shown on the books of the Syndicate, or to the last known address, and it shall not be necessary to register such letters nor to make any newspaper or other publication of the notice. Notices of special general meetings must specify the business to be transacted thereat, and no other business shall be transacted thereat without the unanimous consent of all the members of the Syndicate.

##### *Quorum*

(d) The quorum at any general meeting of members shall be representation personally or by proxy of a majority of the issued part-interests of the Syndicate, provided there be at least two members entitled to vote present in person. At any meeting which is attended by less than a quorum, a majority of the part-interests represented may adjourn the meeting for a period of not more than thirty days without further notice, and if a quorum be represented at such adjourned meeting, any business can then be transacted which could have been transacted at the meeting as originally called.



*Proxies*

(e) Each member may vote either in person or by written proxy. No person shall act as proxy unless he is a member entitled to vote, but persons not members may be appointed to represent corporations holding part-interests in the Syndicate and to vote on such part-interests for such corporations.

*Casting Vote*

(f) In case of a tie the Chairman of the meeting shall have a casting vote in addition to such other votes as he may have as a member.

*Officers of Meetings*

(g) The President, or in his absence a Vice-President (in order of seniority), or in the absence of any Vice-President, the Chairman chosen by the meeting, shall preside at all meetings of members of the Syndicate and of Syndicate Managers. The Secretary of the Syndicate, or, in his absence, such person as is chosen by the presiding officer, shall act as Secretary of all meetings of members and of Syndicate Managers.

*Waivers*

(h) A written waiver of notice of any meeting or of the purposes of any meeting, whether signed before, at or after the meeting, shall be effective as due notice of that meeting to all intents and purposes to the persons executing such waiver.

*Minutes of Meetings*

(i) Minutes shall be kept of the proceedings at each meeting of the members and shall be signed by the Chairman and Secretary of the meeting, and such minutes when so signed shall be conclusive proof of the proceedings at that meeting.

*Decision of Members*

(j) Except where otherwise provided in the agreement constituting and governing the Syndicate, all questions which it is required or desired should be decided by members of the Syndicate shall be decided by a majority of votes cast at any general meeting of members at which a quorum is present, but any consent, approval or other decision may be given or made without the holding of a general meeting provided such consent, approval or other decision is evidenced by a written instrument or instruments signed by all the members of the Syndicate.

*Syndicate Managers—Election and Removal*

(a) The Board of Syndicate Managers shall be elected at each annual general meeting of members to hold office for one year or until their successors are elected. The first Syndicate Managers' names in the agreement constituting and governing the Syndicate shall hold office until the first

*Annual General Meeting*

Any Syndicate Manager may be removed from office at any time upon a resolution of the members at a general meeting, and a successor may be elected by the members at a general meeting. Elections of Managers do not need to be by ballot.

*Meetings of Syndicate Managers*

(b) Meetings of Syndicate Managers shall be held at such times and places as may be deemed convenient and may be called by the President or Vice-President, or by a majority of the Syndicate Managers then in office, but a meeting shall be held immediately after each annual general meeting of members at which the officers of the Syndicate will be elected for the ensuing year, or until their successors are elected.

*Notices*

(c) Notices of meetings of Syndicate Managers shall be given by letter posted at least one day before such meeting but when it is deemed to be urgent the Syndicate Managers may be summoned at any time before the meeting by telegraph or telephone, or in any other practicable manner. No notice is necessary for the meeting of Syndicate Managers to be held immediately after each annual general meeting of members.

*Voting Power*

(d) Syndicate Managers can only vote in person and each Syndicate Manager will have one vote without reference to the number of part-interests which he holds. The Chairman shall both have the right to vote as a Syndicate Manager and shall also have a casting vote in case of a tie.

*Quorum*

(e) The quorum for meetings of Syndicate Managers shall be three Syndicate Managers.

*Written Votes*

(f) Any Syndicate Manager's Vote may be obtained in writing over his signature before or after the meeting, or (if unanimous) without any meeting being called, and shall then be valid and effective to all intents and purposes.

*Waivers*

(g) A written waiver of notice of any meeting or of the purposes of the meeting, whether signed before, at or after the meeting, shall be effective as due notice of that meeting to all intents and purposes to the Syndicate Managers executing the same.

*Vacancies*

(h) Any vacancy or vacancies occurring on the Board of Syndicate Managers, whether by death, disqualification, retirement or otherwise, may be filled for the remainder of the term by a majority of the Syndicate Managers still in office, whether such majority constitute a quorum of the Syndicate Managers or not.

*Remuneration*

(i) The members shall decide from time to time the remuneration (if any) of the Syndicate Managers.

**BY-LAW No. 4***Officers—Election*

(a) The Syndicate Managers, after each annual meeting of members, shall elect the officers of the Syndicate for the ensuing year, or until

their successors are elected, but any officer may at any time be removed from office by a vote of the members at a general meeting and a successor may be elected by a vote of the members at a general meeting.

### *Personnel*

(b) The officers of the Syndicate shall be a President who must be a member and a Syndicate Manager, and a Secretary and a Treasurer, neither of whom need be a member or a Syndicate Manager, and one or more Vice-Presidents may be elected from amongst the Syndicate Managers, and any two of these offices (except the offices of President and Vice-President) may be held by one and the same person. The Syndicate Managers may also appoint such other officers and assistants as they deem expedient and may confer upon such officers such powers and allot to them such duties as the Syndicate Managers consider advisable.

### *President*

(c) The President shall preside at all meetings of members and of Syndicate Managers, and shall perform all the duties which would be incidental to the office of President of an incorporated company.

### *Vice-President*

(d) The Vice-President, or Vice-Presidents, if elected, shall (in order of seniority if there be more than one) perform all the duties of the office of President whenever the President is absent or for any reason unable to act as President.

### *Secretary*

(e) The Secretary shall keep proper records of all meetings of members and of Syndicate Managers and shall have charge of all the books and records of the Syndicate (except insofar as the Syndicate Managers may otherwise arrange), and shall give notice of all meetings of members and of Syndicate Managers, and shall attend to such other duties as may be assigned to him by the Syndicate Managers, from time to time.

### *Treasurer*

(f) The Treasurer shall have charge of all moneys and securities of the syndicate (except in so far as the Syndicate Managers may otherwise arrange), and shall keep full and accurate accounts of all receipts and disbursements and shall attend to such other duties as may be assigned to him by the Syndicate Managers from time to time.

### *Vacancies*

(g) Any vacancy or vacancies occurring among the officers may be filled by the Syndicate Managers for the balance of the term.

### *Remuneration*

(h) The Syndicate Managers shall decide from time to time what remuneration (if any) the various officers shall receive as such.



## BY-LAW No. 5

*Capital of the Syndicate—Certificates*

(a) Certificates for part-interests shall be in such form as the Syndicate Managers may determine and shall be signed by the President or a Vice-President and the Secretary or the Treasurer, and the Syndicate Managers may by resolution authorize any Syndicate Manager to sign in place of any of the said officers.

*Transfers of Part-Interests*

(b) The part-interest transfer books may be closed before meetings of members and before payment of dividends, for such periods and after such notice as may from time to time be determined by the Syndicate Managers.

## BY-LAW No. 6

*Bills of Exchange*

All promissory notes and all cheques and other bills of exchange to be signed, drawn, accepted or endorsed by or on behalf of the Syndicate shall be signed, drawn, accepted or endorsed by such person or persons as may from time to time be authorized by resolution of the Board of Syndicate Managers, whether the persons so authorized be officers or Syndicate Managers or not, but any bills of exchange may be endorsed for collection or for deposit on account of or to the credit of the Syndicate by means of a rubber stamp, or in any other convenient way, the whole however subject to the limitations and restrictions set out in Article 9 of the agreement constituting and governing the Syndicate.

## BY-LAW No. 7

*Auditors*

An auditor or auditors of the affairs of the Syndicate shall be appointed at each annual general meeting of members to hold office until the next annual general meeting, and an auditor or auditors to hold office until the first annual general meeting shall be appointed as soon as practicable after the coming into force of these By-Laws by the Syndicate Managers. No Syndicate Manager or officer of the Syndicate shall be appointed auditor. When any vacancy occurs in the office of auditor before the end of the term, that vacancy may be filled by the Syndicate Managers for the balance of the term, but while any such vacancy continues the remaining auditor or auditors, if any, shall continue to act.

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This is Schedule "Y" referred to in the annexed agreement between Robert Oliver Sweezey and others and the Marquette Investment Corporation.

21. R.O.S.  
H.B.G.  
R.W.S.



HOUSE OF COMMONS, ROOM 231,

WEDNESDAY, July 8, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald; Hon. Lucien Cannon, K.C., for the Province of Quebec; Lucien Moraud, K.C., for the Royal Trust Company.

HUGH B. GRIFFITH, recalled.

Mr. WHITE: I might say, Mr. Chairman, that I have, in accordance with the suggestions of Mr. Cannon who is appearing for the Province of Quebec, dictated a memorandum of such documents as we request from the provincial authorities.

The CHAIRMAN: Has that been forwarded to Mr. Cannon?

Mr. WHITE: It will be this morning. I propose to proceed this morning, Mr. Chairman, with the permission of the committee, with the filing of the minutes, in an endeavour to lay before the committee in some sort of chronological or consecutive way the proceedings leading up to the transfer of property and rights to the Beauharnois Light, Heat and Power Company, and the subsidiary companies.

The CHAIRMAN: The transfer of rights to the Beauharnois Light, Heat and Power Company?

Mr. WHITE: Yes. And also to the Beauharnois Power Corporation. We had presented last night by Mr. Griffith at adjournment a document dated the 3rd of February, 1927, and I was about to read it. I would rather if Mr. Griffith would let me have—I do not know whether he has it—a copy of the agreement between Robert and the Beauharnois Light, Heat and Power Company by which in 1902 certain rights were transferred to that company. It is a little difficult to determine just what rights were sold by the Roberts originally to the company, and what was left in them, other than the shares of that company, to be transferred, under the option, to Mr. Sweezey, which was turned over to the syndicate and exercised and turned over ultimately to one or other of the companies.

The CHAIRMAN: Does that agreement appear in the minute book?

WITNESS: There is a reference to it. It is suggested to me, Mr. White, that we have a solicitor's opinion and analysis of the chain of title which was prepared at the time we bought the property, prepared by Messrs. Meredith, Heward and Holden, and I could supply a copy of that information, which I think sets it out in legal form.

Mr. WHITE: Is that available at once?

Mr. MONTGOMERY: That deed, Mr. Christie tells me, is already filed as part of an application made in January, 1928. It is schedule "C" of the application which you have in the record now.



*By Mr. White:*

Q. Does the opinion of which you speak, Mr. Griffith, set out what rights were outstanding? That is, untransferred to the company by the 1922 agreement?—A. It sets it out in the form of a report on title to real property—a report of the real property which was owned by the Beauharnois Light, Heat and Power Company in 1927.

Mr. WHITE: You see, Mr. Chairman, as I read the document, the rights of the Roberts to certain property were transferred in 1902 to the Beauharnois Light, Heat and Power Company which then was the Robert Company. Then when Mr. Swezey got his option and that option was exercised and certain rights were transferred to them—at least under the agreement with Mr. Swezey the same properties are given similar particulars, not all of them—I mean they do not correspond exactly—but the same properties are again—the rights to the same properties are again transferred by the Roberts.

Mr. MONTGOMERY: There is an assignment in 1910, I believe.

Mr. WHITE: Mr. Griffith tells me that there is attached to it the agreement of 1902.

WITNESS: No, it is 1910.

Mr. WHITE: I see this reference in the minutes of the shareholders of the Beauharnois Light, Heat and Power Company, held in Montreal on the 22nd April, 1902. There were present Joseph Bartholomew Robert, William Henry Robert, by proxy of Charles James Fleet, Edward Black Greenshields, Edward Charles Barry Featherstonhaugh and Charles James Fleet, being all the shareholders of the company; and this resolution was passed: "That the directors be authorized for and on behalf of the company to purchase from Messrs. Joseph Bartholomew Robert and William Henry Robert of Beauharnois the whole or such portion as they may deem advisable of the property of the said J. B. Robert and W. H. Robert for such price and on such terms and conditions as they may deem best and to secure the purchase price in any way."

There was an agreement, as I understand it, entered into at that time, as appears in the minutes of meeting of directors of the company held on the same day as the meeting of the shareholders when this resolution was passed: "Whereas Mr. Joseph Bartholomew Robert has offered to sell to the company certain real property as follows, to wit—the property acquired by the said J. B. Robert under the following deeds:—"

And then certain deeds are cited. I need not bother you with that.

The CHAIRMAN: I presume that would refer to deeds of property apart from the right to the water?

Mr. WHITE: There were no water rights then except in the feeder.

WITNESS: And the St. Louis River.

Mr. WHITE: Well, I am including that. It says:

Exchange between Joseph B. Robert and the Dominion Blanket and Fibre Company, Limited, 10th April, 1893, W. de M. Marler, N.P., and all other property used in connection with the vendor's water power at Beauharnois including the water and shore lots for which he has made application to the Provincial Government, and which are situated near Valleyfield, less however any property or rights which have been previously sold by the said J. B. Robert, and less also the house and grounds used immediately in connection therewith now occupied as a dwelling by the said J. B. Robert, the whole for the sum \$400,000 payable \$200.00 cash at the execution of the deed, and the balance on the first day of September next at the domicile of the said vendors in Beauharnois.

The whole point being that the major part of whatever the rights were of Robert in property and water power at that time were, by this agreement, transferred to the Beauharnois Light, Heat and Power Company. Then it becomes necessary to examine the agreement between Robert and Sweezey to ascertain what rights in addition to the shares in the Beauharnois Light, Heat and Power Company were acquired, and as that means a minute examination of it I am not to bother the committee with it until I have it in such form that it can be placed before you perhaps in the form of a memoranda, so that I will not occupy the time of the committee in going over it. I am just calling the attention of the committee to that phase of it now.

*By Mr. White:*

Q. Then coming to the agreement which you handed me last night, and which will be Exhibit No. 60, that is an agreement dated 3rd February, 1927.—  
A. Yes.

Q. Between William Henry Robert, Joseph Alfred Robert and Miss Sarah Mary Robert, acting in their personal capacity as executors and executrix. That is, they were all acting personally as well as executors and executrix of the last Will and Testament, and codicil thereto of the late Dame Sarah Robert in her lifetime widow of the late Joseph Bartholomew Robert, hereinafter called vendors, and Robert Oliver Sweezey, hereinafter called the purchaser.

Witnesseth: Whereas the Vendors declare that they together with their brother Edmund Arthur Robert of the said city of Montreal are the only residuary legatees under the Last Will and Testament of their father, the said late Joseph Bartholomew Robert, executed before Maitre William de M. Marler and colleague, Notaries, on the 7th July, 1886, and Codicil thereto executed before the said William de M. Marler and colleague, Notaries, on the 12th July, 1886; and

Whereas the said Vendors declare that the said Edmund Arthur Robert by deed executed before the said Maitre W. de M. Marler, Notary, on the 27th July, 1909, did transfer, assign and make over unto his mother, the said late Dame Sarah Robert, all his right, title and interest to and in the Estate and succession of his father Joseph Bartholomew Robert; and

Whereas the Vendors declare that they are the Executors and Executrix of and under the said Last Will and Testament of the said late Dame Sarah Roberts executed before Maitre W. de M. Marler and colleague, Notaries, on the 27th July, 1909, and to and under the Codicil thereto in English form dated the 5th of March, 1910, and duly probated in the Superior Court of the district of Beauharnois on the 12th April, 1922, and that as such Executors and Executrix they are vested with power to make the sale and enter into the other covenants herein contained and that their seizin extends beyond the year and day allowed by law;

Now, therefore, these presents witness that the parties hereto have agreed together as follows:—

1. The Vendors hereby sell, transfer, assign and make over without warranty of any kind, restitution of price or other recourse whatsoever (except as to their own acts and deeds only) unto the Purchaser hereto present and accepting, all the Vendors' rights, title and interest in, to or under,

(a) An agreement bearing date the 28th December, 1909, between His Majesty The King of the First Part and the said Dame Sarah Roberts and the Vendors of the Second Part, the Vendors declaring that the said Parties of the Second Part by deed passed before L. C. Tasse, Notary, on the 26th March, 1910, under his number 7156 transferred all their



rights under the said agreement to the Beauharnois Light, Heat and Power Company, all the capital stock of which Company is herein conveyed to the Purchaser, and that the present transfer of their rights under this agreement is made with a view to abandoning to the Purchaser any rights that the Vendors might still have in the said agreement.

This is illustrating the importance of what I said a moment ago as to the comparison of the property and rights being transferred, or purporting to be transferred:—

(B) A certain feeder carrying water from Lake St. Francis to the River St. Louis with the land belonging thereto, the said feeder and land being known as lot number 341 on the Official Plan and in the Book of Reference of the Parish of St. Cecile, and certain lots at the mouth of the said feeder being known as lots numbers 172, 173 and 175 on the said Official Plan and in the said Book of Reference; the Vendors declaring that the said feeder and land lot number 341 and the said lots numbers 172, 173 and 175 have been transferred to the said Beauharnois Light, Heat and Power Company by the said Joseph Bartholomew Robert by deed of the 14th May, 1902, passed before Maître W. de M. Marler, Notary, under his number 25290, and that the present transfer of their rights to the said lots is thus made with a view to abandoning in favour of the Purchaser any rights which the Vendors may still have thereto.

(C) The following deeds:—

- (1) Ellice to Robert dated 11th September, 1867;
- (2) Ellice to Robert dated 11th May, 1871;
- (3) Browning to Robert dated 11th May, 1871;
- (4) Browning to Robert dated 23rd January, 1884;
- (5) Ellice to Robert dated 18th March, 1903;

Less any and all rights and property transferred with warranty under clause 2 hereof, as well as those heretofore parted with by the Vendors and more especially the piece of land on the east side of the River St. Louis transferred to the Roman Catholic Church by deed before Tasse, Notary, dated 10th October, 1905.

(D) That certain deep water lot situate in the said Lake St. Francis immediately in front of the said lots 172, 173 and 175, Parish of St. Cecile, acquired by the late Joseph Bartholomew Robert from the Province of Quebec by Letters Patent dated 5th June, 1902, the said Vendors hereby declaring that the said deep water lot was transferred by the said Joseph Bartholomew Robert to the said Beauharnois Light, Heat & Power Company by deed of Sale passed before W. de M. Marler, Notary Public, on the 14th May, 1902, and that the present transfer of their rights thereto is thus made with a view to abandoning in favour of the Purchaser any rights which the Vendors may still have thereto.

(E) Water power in the River St. Louis.

2. The Vendors hereby sell, transfer, assign and make over a warranty unto the Purchaser thereof accepting, the following—

I suppose that means “with warranty”. I am not accustomed to the form of the conveyance.

Mr. MONTGOMERY: I should think so.



Mr. WHITE: Mr. Montgomery tells me, Mr. Chairman, that probably means "with warranty":

(A) All the issued shares of the capital stock of Beauharnois Light, Heat and Power Company a body corporate created by the Act 2 Edward VII, Chapter 72 which was amended by the Act 1 George V, chapter 77 of the Province of Quebec, which shares the Vendors covenant and agree are fully paid up and non-assessable but without warranty of any kind restitution of price or other recourse whatsoever in respect of the items described in sub-paragraphs (A), (B) and (D) of paragraph one hereof or any other property or rights of the Company but the Vendors warrant that the said Company has no debts or liabilities other than current taxes and all indebtedness to the Vendors which is being discharged concurrently with the execution of this agreement, and those which may have been incurred in the ordinary course of its business.

(B) That certain lot known as number 266 on the Official Plan and in the Book of Reference of the Parish of St. Clement.

(C) That certain lot known as number 555 on the Official Plan and in the Book of Reference of the Town of Beauharnois less:

(i) The strip of land sold to the Beauharnois Junction Railway by deed registered in the Beauharnois County Registry Office under No. 25032.

(ii) The rights granted to the Howard Smith Paper Company Limited by deed of the 5th October, 1912. (Sidings, etc.)

(iii) The rights granted to the Howard Smith Paper Mills Limited under deed of the 3rd of April, 1917 (Transmission lines, gas, water, drains, etc.).

(iv) The parts of lot 555 and the rights transferred to the Howard Smith Paper Mills Limited by deed dated the 14th of September, 1922.

(v) The part of lot 555 described in paragraph (D) (iii) hereof; by the Howard Smith Paper Company Limited and the Howard Smith Paper Mills Limited under the deeds above mentioned in this paragraph.

(D) That certain lot known as number 556 on the Official Plan and in the Book of Reference of the Town of Beauharnois less;

(i) That part of said lot number 556 sold to the Dominion Blanket and Fibre Company by deed dated the 10th of April, 1893, and the water power and other rights therein mentioned.

(ii) The Homestead property of the Vendors forming the South West Corner of Mill and St. Lawrence Streets, which with the property sold to Mrs. Lefebvre hereinafter mentioned forms the block of land not enclosed in green lines on the plan made by M. D. Barclay, Q.L.S., dated the 11th October, 1921, with the servitudes and other rights appertaining thereto including right to drain with the River St. Louis across Mill Street and part of Cadastral lot 559 and the right to use Mill Street which purchaser recognizes as a public thoroughfare.

(iii) That certain piece of land forming part of said lot number 556 and of said lot number 555 bounded to the north by St. Lawrence Street, to the east by the property of the Howard Smith Paper Mills Limited, to the south by the right of way of the St. Lawrence and Adirondack Railway, to the west by an Avenue known as Victoria on the cancelled subdivision plan of the Town of Beauharnois and the continuation of said Avenue in a straight line to the said right of way.

(iv) That piece of land sold to Howard Smith Paper Company by deed dated 5th October, 1912.

(v) Subdivisions 1 and 2 of said lot 556.

(vi) The rights granted to Howard Smith Paper Mills Limited by deed dated the 3rd April, 1917, (transmission lines, gas, water, drains, etc).

(vii) That piece of land sold to Mrs. Arthur Lefebvre by deed before J. C. Trudeau, N.P., dated the 7th of May, 1917, with servitude over lot No. 559.

(viii) The land and rights sold to Howard Smith Paper Mills Limited by deed dated the 14th of September, 1922.

Subject to the rights granted by the Vendors in the deeds mentioned in this paragraph and including the reserves therein also mentioned in favour of the Vendors.

Apparently certain rights had been granted in the water powers and land to certain people, and this purports to grant the reversion or the reservation in those deeds:

(E) That certain lot known on the said Official Plan of the Town of Beauharnois as lot number 557, less a small corner thereof carrying the flume to the property of Jacques Bisaillon or his representatives.

(F) That certain lot known on the said Official Plan of the Town of Beauharnois as lot number 559 less:

(a) A thirty-foot roadway on the west side thereof.

(b) Subdivision 1 of said lot number 559.

(c) All rights granted to the Corporation of the Town of Beauharnois under deed dated the 7th of October, 1914, (drain, etc.).

(d) That piece of land  $17\frac{1}{2}$  by 17 sold to the Howard Smith Paper Mills Limited under deed of exchange with the Beauharnois Light, Heat and Power Company dated the 5th day of October, 1912.

(e) The piece of land owned by Leduc and Fortin and all rights acquired by them from their auteurs.

(f) The rights granted to the Howard Smith Paper Mills Limited under deed dated the 3rd April, 1917 (Transmission lines, gas, water, drains, etc.).

(g) That piece of land of about 1,161.5 feet sold to the Howard Smith Paper Mills Limited by deed dated the 25th of February, 1918.

(h) The pieces of land sold to Howard Smith Paper Mills Limited by deed dated the 14th of September, 1922, and corrected by deed dated the 17th of May, 1924.

Subject to the rights granted by the vendors in the deeds mentioned in this paragraph and including the benefit of all reserves in favour of the Vendors therein.

(3) There is reserved and excepted from the present sale all the rights of all parties other than the Vendors and the Beauharnois Light, Heat & Power Company, in the said feeder and in the said River St. Louis and to power from or to take or use the water of or from the said River St. Louis.

There is also reserved from the present sale the lighthouse at or near the mouth of the said feeder together with the land serving the same and the right of ingress and egress thereto in favour of the Dominion Government.

(4) It is understood and agreed that it is the intention of the Vendors to sell and transfer and of the Purchaser to purchase, in addition to the properties and rights hereinabove described, any and all properties and

rights which the Vendors may own which may be useful to the Purchaser in carrying out the proposed hydro electric development hereinafter referred to, except those properties and rights heretofore sold by the Vendors and those which are herein specifically reserved and, moreover, the Vendors hereby sell and transfer to the Purchaser any and all rights and claims if any which they may have against the said Beauharnois Light, Heat and Power Company.

(5) The Vendors undertake and agree to deliver to the Purchaser forthwith upon demand written resignation of all the present Directors of the Beauharnois Light, Heat and Power Company.

(6) The Vendors shall have the right until the month of September, 1927, to remove from the properties hereby sold all movable property thereon or therein belonging to them.

(7) The purchaser declares that it is his intention to develop or cause to be developed the water powers existing by reason of the difference in level, between Lake St. Francis and Lake St. Louis.

(8) The present sale is thus made for the following price and consideration payable by the purchaser to the Vendor, as follows:—

A. One hundred thousand dollars (\$100,000), paid to the Vendors at the execution of these presents by accepted checks payable to the order of William H. Robert the receipt whereof is hereby acknowledged by the Vendors.

B. Two hundred and fifty thousand dollars (\$250,000) in cash concurrently with the first issue of bonds provided for in sub-paragraph (C) hereof, or at the termination of three years from the date of these presents if such issue of bonds be not made within that period, but subject always to the right of extension as stipulated in paragraph 10 hereof.

I may say that there was a rearrangement, and the bonds that were contemplated by this agreement were not issued and other bonds were later substituted by a supplementary agreement:—

C. Five hundred thousand dollars of face value of bonds forming part of the first issue of bonds to be made for the purpose of financing the cost of developing the water power or any part thereof existing by reason of the difference in level between Lake St. Francis and Lake St. Louis which issue shall have priority over all other issues of bonds or debentures for such purpose. The purchaser declares that the development aforesaid shall be made by the Beauharnois Light, Heat and Power Company or by some other company which he or his assigns shall directly or indirectly cause to be organized and the bonds above referred to shall be the bonds of whichever such Company may undertake such development and if any bonus of common stock is given to any underwriters of such bonds, the Purchaser shall at the same time as he delivers the said Five Hundred thousand dollars in face value of bonds to the Vendors, deliver to the vendors a bonus of Common Stock on the same basis as the best bonus given to any underwriters of the said bonds; such Five hundred thousand dollars in face value of bonds together with the said bonus, if any, of Common Stock shall be delivered at the time when such first issue of bonds is made and such issue and delivery shall not be later than three years from the date hereof, but subject always to the right of extension stipulated in paragraph 10 hereof.

(D) One hundred and fifty thousand dollars (\$150,000) in cash on the date when any part of the power plant to be erected shall be first put into operation for the delivery of electric power to any customer, or the Vendors may at their option demand in lieu of payment of One Hundred



and fifty thousand dollars (\$150,000) cash, bonds of the value of One hundred and fifty thousand dollars (\$150,000) at the rate paid for such bonds by the underwriters, together with a bonus of Common Stock on the same basis as mentioned in sub-paragraph C of this paragraph 8.

(E) Five hundred thousand dollars (\$500,000) of First Preferred Stock of the Company issuing the bonds provided for in sub-paragraph (C) of this paragraph 8, and if any bonus of Common Stock of the said Company is given to any underwriters of such Preferred Stock the purchaser shall at the same time as it delivers the same Five hundred thousand dollars (\$500,000) of First Preferred Stock together with the said bonus, if any, of Common Stock, to be delivered to the Vendors at the same time as the payment of the said sum of One Hundred and fifty thousand dollars (\$150,000) mentioned in sub-paragraph D of this paragraph 8.

(F) One hundred (100) shares of a syndicate of four thousand (4,000) shares at the outset but subject to increase up to (5,000) shares, if necessary, to be formed to do the preliminary work in respect of and the preliminary financing for the said development; the said syndicate may be incorporated or unincorporated as the Purchaser may deem best, and the Purchaser undertake that the same W. H. Robert, one of the Vendors, shall be appointed one of the Directors or Managers, as the case may be, of the said syndicate; the said One hundred (100) shares shall be delivered when the said syndicate is organized and the said W. H. Robert shall be appointed at the same time as the Purchaser is appointed a Director or Manager.

9. At the time of the delivery to the Vendors of the said Five hundred thousand dollars (\$500,000) of Preferred Stock, the Vendors shall receive common stock of the Company referred to in sub-paragraph (C) of paragraph 8 hereof, on a basis to be agreed upon to compensate them for interest at the Preferred Dividend rate on the aforesaid Five hundred thousand dollars of First Preferred Stock between the date of the aforesaid first issue of bonds and the date of delivery of the said Preferred Stock. However the Purchaser may at his option pay such interest in money.

10. It is expressly understood and agreed, however, that the Purchaser may obtain a further delay of three (3) years (that is to say, until the expiration of six (6) years from the date hereof) for the issue of the bonds and the payment of the instalments of purchase price mentioned in sub-paragraphs B and C of paragraph 8 hereof, by paying to the Vendors at any time within three (3) years from the date hereof the sum of One Hundred thousand dollars (\$100,000) such payment of One hundred thousand dollars (\$100,000) to be applied in satisfaction to that extent of the instalment provided for in sub-paragraph B of paragraph 8 hereof, it being understood, however, that nothing herein contained shall entitle the Purchaser to postpone the date of the complete payment of the said instalments provided for in sub-paragraphs B and C of paragraph 8, hereof beyond the date when the first issue of bonds is made as aforesaid.

11. As security for the payment of the instalments of purchase price provided for in sub-paragraphs B and C of paragraph 8 hereof, the shares of the capital stock of the said Beauharnois Light, Heat and Power Company have been transferred to the National Trust Company Limited to be held by it as Trustee until payment in full of the said two instalments, and in default of payment of either of the said instalments with-

in the delay stipulated, or any extension hereof as herein provided for, the said shares are to be returned by the Trustee to the Vendors. So long as the said shares are held by the Trustee the Purchaser shall have complete right and power to vote the same at any and all meetings of shareholders of that company for any and all purposes except the alienation, hypothecation or charging of the assets of that company, provided that nothing herein contained shall permit the said shares being voted for the purpose of authorizing, creating and issuing the bonds provided for in paragraph 8 hereof.

12. Upon payment of the instalments of the purchase price provided for in sub-paragraphs B and C of paragraph 8 hereof, the Vendors shall sign and execute such releases and discharges as may be reasonably required by the Purchaser to free and clear the properties and rights hereby sold of all claims, rights and privileges of the Vendors upon the said properties and rights and the said shares of the Beauharnois Light, Heat & Power Company shall be delivered by the Trustee to the Purchaser, provided, however, that the Purchaser deliver at the same time to the said Trustee Six hundred and fifty thousand dollars (650,000) in face value of the first mortgage bonds referred to in sub-paragraph C of paragraph 8 hereof, such bonds to be held by the said Trustee as security for the payment of the instalments of purchase price mentioned in sub-paragraph D and E of paragraph 8 hereof, and upon payment of the said instalments to be returned to the Purchaser, or in default of such payment to be delivered to the Vendors with the right to the Vendors to keep the same as their own property or at their option to enforce the payment of the instalments provided for in said sub-paragraphs D and E. The coupons attached to the said bonds shall not be presented for payment unless and until default is made in the payment of the said instalments of purchase price provided for in sub-paragraphs D and E of paragraph 8, hereof.

### 13. RESOLUTORY CONDITION

If the said instalments of the purchase price mentioned in sub-paragraphs B and C of paragraph 8 hereof be not made within the delays therein provided for, or the extension thereof provided for in paragraph 10, hereof if such be obtained, then the present sale shall thereupon become null and void to all intents and purposes and the properties and rights of the Vendors and all instalments of purchase price theretofore paid to the Vendors shall be forfeited to them as liquidated damages, but the Purchaser shall not be under any further liability or obligation hereunder. The mere lapse of the stipulated delay without payment being made shall of itself put the Purchaser in default and cause the Resolatory Condition herein provided for to take effect immediately without any demand or other formality whatsoever and the Purchaser shall reconvey the said properties and rights upon demand to the Vendors without reimbursement on the part of the Vendors of the value of any repairs or improvements, the Purchaser hereby renouncing thereto as well as to any rights to remove improvements. In the event of this Resolatory Condition taking effect, any rights, properties, privileges and concessions acquired by or in the name of the Beauharnois Light, Heat and Power Company shall remain the property of the said company without any compensation to the Purchaser, and in the event of any rights, privileges or concessions having been obtained for the benefit of the said proposed hydro electric development otherwise than in the name of the said Beauharnois Light, Heat and Power Company, the same shall



be transferred to it upon the said Resolutive Condition taking effect and upon the said resolutive clause taking effect any indebtedness of the Beauharnois Light, Heat and Power Company created after the date hereof by the purchaser or his assigns or nominees, shall be paid and discharged by the purchaser.

14. All municipal and school taxes upon the properties hereby sold and the properties of the Beauharnois Light, Heat and Power Company, from the first of January, 1926, shall be borne by the Purchaser, and all prior taxes by the Vendors.

15. The charge of the Vendors' solicitor Henry N. Chauvin, K.C., in connection with the present sale shall be paid by the Purchaser.

16. It is understood and agreed in regard to the suit of law (Superior Court Montreal No. 2620) instituted by the Great Lakes & Atlantic Canal & Power Co., Limited, against the said William Henry Robert et al (which has been dismissed by judgment of the Superior Court of Montreal confirmed by the Court of King's Bench, and is now in appeal to the Supreme Court of Canada) that if final judgment be obtained by the said Great Lakes and Atlantic Canal and Power Company, Limited, in its favour and the latter complete the purchase from the Vendors referred to in such suit, the present sale shall be nul and void to all intents and purposes and the Vendors shall forthwith repay to the Purchaser such of the price and consideration provided for in paragraph 8 hereof as may have been heretofore paid and shall reimburse to the Purchaser all moneys expended by it in payment of taxes on the properties hereby sold without any further liability on the part of the Vendors.

17. It is further agreed that in the event of the said Great Lakes & Atlantic Canal and Power Co., Ltd., obtaining final judgment in its favour and completing the purchase as aforesaid, the Purchaser will not acquire directly or indirectly from the said Great Lakes & Atlantic Canal and Power Company, Limited, the properties and rights so purchased by it unless he purchase from the Vendors at a price to be agreed upon such of the properties and rights hereby sold as are not comprised in the properties and rights claimed by the said Great Lakes & Atlantic Canal and Power Co., Limited.

18. Any and all payments of the purchase price or consideration to be made by the Purchaser hereunder to or for the benefit of exoneration of the Vendors may be made to the said William Henry Robert on behalf of all the Vendors, or, if he be dead or otherwise incapable of receiving the same, then to the said National Trust Company, Limited, on behalf of all the Vendors, and the receipt and discharge of the said William Henry Robert or the said National Trust Company, Limited, as the case may be, shall be a good and valid discharge to the Purchaser for such payment, and the Purchaser shall not be obliged to see to the application of the moneys or other things so paid. The foregoing provision is a stipulation made by the Purchaser and is irrevocable without his consent.

19. Any and all payments of money to be made by the Purchaser to the Vendors or on their behalf may be made by accepted cheque instead of cash, at the Purchaser's option.

20. It is agreed by both parties that the present agreement shall not be registered, and the Vendors undertake and agree at the expense of the Purchaser to execute and do at the request of the Purchaser all such further documents and things as may be necessary or useful to fully and



effectually carry out the intents and purposes of this agreement, or, subject to the terms hereof, to vest in the Purchaser the rights and properties aforesaid, including such notarial transfers as may be reasonably required by the said Purchaser.

21. These presents shall apply to, enure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

22. Time shall be of the essence of this agreement.

*By Mr. White:*

Q. Can you tell me, Mr. Griffith, whether the first \$100,000 mentioned in this agreement was paid by cheque or otherwise to William H. Robert.—A. It was paid on the 3rd of February, 1927.

Q. Whose cheque.—A. I would have to confirm that. I think it was R. O. Sweezey's cheque although it may have been Newman-Sweezey & Co's., cheque. It is either one or other of those two.

Q. I take it that the syndicate had not yet been formed.—A. No, it had not been formed.

*By Mr. Lennox:*

Q. Newman-Sweezey, that is the same Sweezey as R.O. Sweezey?—A. Yes, Mr. Lennox.

*By Mr. White:*

Q. And did the Syndicate subsequently return that \$100,000 to whoever paid it at that time.—A. Yes, they did. As a matter of fact, Newman-Sweezey & Co., acted as bankers for the Syndicate during the period that it was being formed and they were credited with that amount in due course.

Q. And it was, as you say, returned to whoever paid it.—A. That is correct.

Q. Then that agreement—I have it in the form which has been handed to me—is attached to another agreement dated blank day of February, 1927, between William Henry Robert, Joseph Alfred Robert and Sarah Mary Robert, Vendors, and Robert Oliver Sweezey, the Purchaser, and National Trust Co., Ltd., called Trustee.—A. Mr. White, if I may interject, that should bear the same date, the 3rd of February, 1927.

Mr. WHITE: Well, I may put that in then. I take it that this agreement simply carries out,—we had better see what it does:

WITNESSETH: Whereas the Vendors and the Purchaser have this day entered into an agreement of sale a copy of which is hereto annexed signed by all the parties hereto for identification; and

Whereas by paragraph 11 of the said Agreement of Sale it is declared that all the issued shares of the capital stock of Beauharnois Light, Heat and Power Company have been transferred to the Trustee to be held and dealt with by it as Trustee as in the said Agreement of Sale provided; and

Whereas the said shares have been so transferred to the Trustee; and

Whereas in paragraph 12 of the said Agreement of Sale provision is made for the delivery to the Trustee upon the happening of certain events of \$650,000 in face value of certain First Mortgage Bonds to be held and dealt with by it as Trustee as in the said Agreement of Sale provided.

Now, therefore, this Agreement witnesseth:

1. The Trustee hereby acknowledges that Two Thousand shares of Beauharnois Light, Heat and Power Company have been transferred to it by or on behalf of the said Vendors and it undertakes and agrees,

subject however to the terms, provisions and conditions hereof, to hold and deal with the same as Trustee in accordance with the provisions of the said Agreement of Sale.

2. The Trustee further agrees that if and when the said \$650,000 face value of First Mortgage Bonds are delivered to it it will hold and deal with the same as Trustee in accordance with the terms, provisions and conditions of the said agreement of sale.

3. The Trustee may, in relation to these presents or any action to be taken hereunder, act upon the advice and opinion of its own legal advisers, and shall be under no liability or obligation to any of the parties hereto by reason of its so doing, and the Trustee shall not be bound or obliged to take cognizance of or act upon any default or other event or otherwise requiring action on its part unless evidence satisfactory to it or its legal advisers is furnished of the existence of such default or the happening of such other event, the whole without prejudice to the rights of the Vendors against the Purchaser or of the Purchaser against the Vendors under or arising out of the said agreement of sale.

4. The Vendors hereby warrant that the said two thousand shares of Beauharnois Light, Heat and Power Company constitute the whole of the issued Capital Stock of that Company and that the same have been fully paid up and are non-assessable, and they undertake and agree to hold the Trustee harmless against any and all liability as holder of the said stock.

5. The Purchaser undertakes and agrees to pay to the Trustee reasonable compensation for its services in exercising the trusts herein provided for and to reimburse to it upon demand all expenditures or less, costs or damages incurred by it in connection with the exercise of the said trusts, including any and all legal and notarial expenses.

6. The Trustee shall give to the Purchaser or his assigns from time to time upon demand the necessary proxies to enable the Purchaser or his assigns to vote the said shares of Beauharnois Light, Heat and Power Company at any meeting of shareholders of that Company for any and all purposes save those specially excepted in paragraph 11 of the said agreement of sale, and the Trustee shall from time to time upon demand at the instance of the Purchaser or his assigns allow the transfer of such of the said shares as may be necessary for the purpose of qualifying Directors of the said Beauharnois Light, Heat and Power Company upon the execution of appropriate declarations of trust from the said transferees.

7. Any notifications or other communications to be given or made to the Vendors by the Trustee shall be deemed to be effectively given or made if given or made to them by registered letter addressed to them in care of W. H. Robert, 214 Bishop Street, Montreal, or at such other place in lieu thereof as the Vendors or their assigns from time to time may notify in writing to the Trustee, and any notifications or other communications to be given or made to the Purchaser by the Trustee shall be deemed to be effectively given or made if given or made to him by registered letter addressed to him at number 136 St. James Street, Montreal, or at such other place in lieu thereof as the Purchaser or his assigns from time to time may notify in writing to the Trustee.

8. All payments whether of money or otherwise which the Trustee may require to make to the Vendors under the terms hereof shall be made to them or to their order at the office of the Trustee in the City of Montreal.

9. The said shares of the Beauharnois Light, Heat and Power Company (other than said qualifying shares) are registered on the books of said Company as follows, "National Trust Company Limited as Trustee for W. H. Robert, J. A. Robert, and Miss Sarah Mary Robert, personally and as qualite, and R. O. Sweezey, the parties to an Agreement dated the Third of February, 1927" and upon the assignment or other transmission of the rights of any of the said Parties, the Trustees shall on the request in writing of the representative of such party and such evidence of title as the Trustee may require, cause appropriate changes to be made in such registration.

In other words, in short this is simply an agreement hand over these shares and all the other things provided for in the agreement, with instructions that they are to be dealt with in accordance with the terms of the agreement of sale of February 3, 1927.

The CHAIRMAN: That all goes in as part of Exhibit No. 60, Mr. White.

Mr. WHITE: Yes. Then Mr. Griffith has handed me a copy of the agreement amending the agreement of the 3rd of February, 1927. This is dated the 18th of July, 1929, and this is after the passing of the Order in Council 422, and after the lease from the province of Quebec.

The CHAIRMAN: That will also be part of Exhibit No. 60.

Mr. WHITE: Yes:

Whereas by an agreement entered into at the city of Montreal, and dated the Third day of February, one thousand nine hundred and twenty-seven, the executors of the Estate of the late Dame Sarah Roberts, as such, as well as personally, sold to Robert O. Sweezey, of the city of Westmount, certain properties and rights.

Whereas part of the consideration payable by the said R. O. Sweezey consisted of—

- (a) \$500,000 face value of the first issue of bonds to be made for the purpose of financing the cost of developing the water power, or any part thereof existing by reason of the difference in level between Lake St. Francis and Lake St. Louis, with a stipulation that if any bonus of common stock be given the underwriters of such bonds, there shall be delivered to the Vendors a bonus of common stock on the same basis as the best bonus given to any underwriters of said bonds.
- (b) \$500,000 of First Preferred Stock of the Company issuing the bonds hereinabove mentioned; and it was further stipulated that if any bonus of common stock be given to any underwriters of such preferred stock, there should be delivered to the Vendors a bonus of common stock on the same basis as the best bonus given to any underwriters.
- (c) 100 shares of a syndicate of 4,000 shares at the outset, but subject to increase up to 5,000 shares if necessary, to be formed to do the preliminary work in respect of and the preliminary financing for the said development.

Whereas there is stipulated in the said agreement as further consideration payable to the Vendors:—\$100,000 in cash at the signing of the said agreement; \$250,000 in cash concurrently with the first issue of bonds; \$150,000 in cash on the date when any part of the power plant to be erected shall be first put into operation for the delivery of electric power to any customer.

Whereas the said \$100,000 in cash payable at the signing of the agreement was so paid.



Whereas the said R. O. Sweezey represents that it will be inconvenient to conform to the mode of payment stipulated in the said agreement in view of the manner in which it is intended to finance the cost of the proposed development.

Whereas the Vendors in the said agreement made certain claims with regard to the Syndicate shares hereinafter referred to.

Consequently the Vendors in the said agreement, together with their brother, Edmund A. Robert, the fourth and remaining heir, have agreed with the said R. O. Sweezey, as follows:—

(1) In lieu of \$500,000 in face value of bonds and of \$500,000 of face value of preferred stock and the balance of cash of \$400,000, the Vendors and the said Edmund A. Robert agree to accept \$1,400,000 in cash payable as to \$150,000 at and upon the signing of this agreement, the receipt thereof is hereby acknowledged; and \$1,250,000 on or before the first of October, 1929.

(2) In respect to the bonus of common stock which was, by the terms of the said agreement to be delivered with the preferred stock and with the bonds, the Vendors and the said Edmund A. Robert agree to accept 16,000 shares of common stock of a Company to be called Beauharnois Power Corporation Limited, or such other name as may be granted, which Company either itself or through Companies whose shares it will then own, will own and control the whole development referred to in the said agreement of the Third of February, 1927, in fulfilment of the obligations of the said R. O. Sweezey to deliver to them common stock with the preferred stock and with the bonds, and such 16,000 shares shall be delivered to them, at the same time as the first issue of common shares other than those issued to its incorporators, or provisional, or other directors.

(3) In settlement of the claim of the Vendors and the said Edmund A. Robert to 500 shares out of 25,000 Beauharnois Power Syndicate shares, in lieu of 200 shares already received by the Vendors, it is agreed that the said R. O. Sweezey shall pay back to the Vendors, on or before the First of October, 1929, the sum of \$10,000 which they personally paid for 200 shares of said Syndicate shares and the said 200 Syndicate shares shall be deemed to have been given to the Vendors in part fulfilment of the stipulation of Paragraph 8 (f) of the aforesaid agreement, thus making 400 Syndicate shares delivered in respect to the stipulations of the said paragraph; and as to the remaining 100 shares claimed, in order to make the total 500, the said R. O. Sweezey agrees in lieu of delivering the final 100 Syndicate shares, to pay the Vendors and the said Edmund A. Robert, at the time that distribution is made by the Syndicate of its Assets amongst its members, the sum of \$20,000 and 5,000 shares of the same common stock as is referred to in paragraph 2 hereof, provided, however, that should the said Syndicate distribute to its members more than \$20,000 and 5,000 common shares per each 100 Syndicate shares, the excess in cash or shares, or both, as the case may be, shall be paid to the Vendors and the said Edmund A. Robert by the said R. O. Sweezey.

*By Mr. White:*

Q Do you know how that was, Mr. Griffiths?—A. Well, there was a difference of opinion as between Sweezey and myself and the Roberts as to the interpretation of the number of Syndicate part-interests that they should get through the 100 Syndicate part-interests which they got in the first Syndicate, and which they got by virtue of paragraph 8 (F).

Q. What was that paragraph? Will you just recall that please?—A. 8 (F) of the agreement of the 3rd of February—

Q. What does it provide for?—A. It sets out, as part of the consideration:

(F) One hundred (100) shares of a syndicate of Four thousand (4,000) shares at the outset but subject to increase up to (5,000) shares.

Q. And they got that 100 shares?—A. They got that, but the syndicate sold to another syndicate which became the Beauharnois Power Syndicate, commonly called the Second Syndicate, and there was some difference of opinion as to whether he and his co-heirs should receive their interest in the second Syndicate free of charge or whether they should pay the same assessment as all the members of the first Syndicate, and this is what was finally agreed to between Sweezey and the Robert and the Syndicate Managers, interested parties, by which the Syndicate agreed that they would pay them that number of shares and that amount of cash.

Q. You have told us the purpose of it, what was the result?—A. The practical result was that the Robert family received their \$1,500,000 in cash; prior to the time when the Syndicate transferred those assets to the Power Corporation, these other payments which are set out here, which were not payable at that time, are the payments which are recited in the statement in lieu of prospectus as being amounts still due to persons from whom assets were being required.

Q. That is, \$20,000 as I remember it, in that statement in lieu of prospectus?—A. There is a detail of the dates on which payments were made, in the agreement.

Q. Tell us so that we will have it in one place in the notes, what ultimately did the Roberts get?—A. They got \$1,500,000 in cash, and they got 100 part-interests in the first Syndicate which became 400 part-interests in the Second Syndicate.

Q. I thought it was 2 for 1; it was 4 for 1?—A. It was 2 for 1 and the right to subscribe for an additional similar amount, and by this clause which we are just dealing with they were repaid the amounts that they had paid into the Syndicate. So that, in fact, they got their interest in the Syndicate free of all payment.

Q. They got 400 units?—A. They got 400 units free.

Q. Did they hold those at the time of the dissolution of the Syndicate?—A. They did, and they ultimately received the cash and shares of common stock.

Q. And they got one hundred and forty?—A. One hundred and fifty.

Q. Per unit?—A. Per unit.

Q. How many shares of Class A?—A. Forty per unit, that is 16,000 shares and \$60,000, in addition to the amounts of cash set out in this agreement.

Q. That is a million and a half?—A. That is a million and a half plus twenty.

Q. Well then, on top of that did they get a further five thousand of class A common?—A. They got a further 21,000 shares.

Q. 21,000?—A. That is right, sir.

*By Hon. Mr. Mackenzie:*

Q. Did the 21,000 include the 16,000?—A. That is in addition, Mr. Mackenzie.

*By the Chairman:*

Q. How did they arrive at the 21,000 Class A shares, common?—A. It was simply a matter of bargaining, Mr. Chairman; and I may say, there was difference of opinion as to how much should be given, and we arrived at what all parties thought was a fair and equitable arrangement.

*By Hon. Mr. Mackenzie:*

Q. A collected bargain?—A. Yes.

*By the Chairman:*

Q. Then, while we are waiting, give me what the Roberts got again. They got first \$500,000 in cash?—A. Yes.

Q. Then, they got \$1,400,000 in cash?—A. Yes.

Q. Then they got 16,000 shares of common stock in the Beauharnois Power Company, Ltd.?

Mr. WHITE: Class A.

*By the Chairman:*

Q. Through their interest in the syndicate?—A. Yes.

Q. Yes. Did the 16,000 take the place of their 400 shares in the second Syndicate?—A. That is right, sir.

Mr. WHITE: No.

The WITNESS: Well, there is a further 16,000 they got for another reason. We were talking about the first sixteen.

*By Mr. White:*

Q. In addition to the sixteen thousand, they were paid one hundred and fifty dollars per unit in cash.—A. Sixty thousand in cash.

*By the Chairman:*

Q. In exchange for their 400 second syndicate units they got sixteen thousand.

Mr. MACKENZIE: \$60,000?

The CHAIRMAN: Sixteen thousand shares of—

The WITNESS: Class A common stock.

Q. In the Beauharnois Power Company, Ltd., plus some money; how much? —A. Sixty thousand dollars.

Mr. WHITE: One hundred and fifty per unit.

*By the Chairman:*

Q. Plus sixty thousand dollars. Now, then, you say they got some more shares, twenty-one thousand.—A. They got 21,000 shares and the sum of \$20,000 in cash.

Q. Twenty-one thousand shares and a further \$20,000 in cash?—A. Yes.

Q. Now then, I do not know whether it is important or not, did they make some concessions to Mr. Sweezey?—A. Mr. Sweezey went to them and asked them to change the agreement which is drawn on 3rd February, 1927, which set out certain considerations of stocks and bonds, as well as cash, which called for the issuance of bonus stock with it, and it became an impossible matter to deliver that consideration, so we had to say to them, instead of taking stocks and bonds, will you take cash; and we had a great deal of difficulty in getting them to take the cash. I do not know what the reasons were, but they said:

We will take the cash, if you will add a little bit to it, and give us some of the shares of this company.

Q. How did you fix the \$20,000?—A. That was the amount.

Q. Did you really deal with cash, \$1,400,000, and \$100,000 in cash, and then another \$20,000 in cash— —A. That was the amount of money, as I recollect, Mr. Gordon, that they had already paid to the syndicate, on account of the shares in the syndicate that they had subscribed for.



Q. That 200 shares?—A. Yes.

Q. That they had in the second syndicate?—A. They then took legal advice, and were advised that they should have received those shares free.

Q. That is, the legal advice they likely got was their shares in the syndicate, number one, which were free— —A. Were part of the consideration, yes.

Q. Carried with it the right to share in the new syndicate without further expense to them.—A. That is right.

Q. You say the 21,000 shares was arrived at in a similar manner, the question of bargaining?—A. Yes.

*By Mr. White:*

Q. A running jump?—A. At that time, the time this was first discussed, I think the agreement was executed, the final plan of the sale of the syndicate assets to the corporation had not been worked out, and it was just an attempt to try and approximate the number of shares they would have obtained if they had adhered to the original plan.

Q. Well then, we are dealing with what the Roberts got. That is all the evidence you have?—A. I must correct that, because Mr. W. H. Robert transferred, bought and paid for the interest in this first syndicate in addition to the interest which they received under the agreement.

Q. In addition to the 100 shares?—A. Yes. I think it was a further 100 that he bought and paid for. Of course, no special treatment in respect to that.

Q. He was dealt with in the same way as others?—A. As other syndicate members.

Q. At least, all in the same class. I presume there were different classes of unit classes?—A. No, all the same class, sir.

Q. In the first syndicate?—A. Yes.

Q. And in the second syndicate?—A. All the same class. I think I said yesterday that they did not all pay the same amounts.

Q. That would be the important thing?—A. Yes.

*By Mr. White:*

Q. In the division?—A. They all—

Q. All shared equally?—A. All shared equally. I would like to consult the records before I affirm that.

The CHAIRMAN: Very well. Go on, Mr. White.

*By Mr. White:*

Q. Will you tell me who Mr. J. R. LeFebvre is?—A. J. R. LeFebvre? Have you got the address, Mr. White?

Q. No, I have not. He is a syndicate member?—A. He was a member of the second syndicate, if that is the LeFebvre which you have reference to.

Q. Yes. Who is he?—A. He has an office in the Royal Bank Building, in Senator Raymond's office.

The CHAIRMAN: What is his name?

Mr. WHITE: J. R. LeFebvre.

Q. What is his occupation?—A. I will have to get my—

Mr. LENNOX: Of whom are you speaking?

Mr. WHITE: J. R. LeFebvre.

A. I am afraid I do not know what his occupation is.

Q. You say he had an office in Senator Raymond's office?—A. That is correct, sir.

Q. In his office?—A. That is correct sir.

Q. Do you know whether he was an employee of Senator Raymond?—A. I really don't know; I imagine he was, in some capacity or other.

Q. Who is Oscar Dufresne?—A. A business man in Montreal, also a contractor and a very active and prominent business man.

*By the Chairman:*

Q. Is he a contractor?

Mr. MONTGOMERY: A contractor, boot and shoe manufacturer, he has lots of interests.

The CHAIRMAN: A contractor?

Mr. MONTGOMERY: I am not sure whether it is the same Dufresne or not.

Mr. WHITE: Going on with this amended agreement,—

The Vendors and the said Edmund A. Robert agree that, upon payment of the aforesaid sum of \$1,250,000 in accordance with the provisions of paragraph 7 hereof, and with the consent of any party or parties to whom any rights of the purchaser under the said agreement have been transferred, the National Trust Company Limited shall deliver to the said R. O. Swezey all the shares of the Beauharnois Light, Heat and Power Company which were transferred to the said National Trust Company Limited as Trustee under the provisions of the aforesaid agreement of the third of February, 1927,

—and then certain provisions for the mechanics of the carrying out of that transfer.

Then, paragraph 6,

R. O. Swezey agrees that if he or his assigns avail themselves of the right to make payment of the sum of one million two hundred and fifty thousand dollars (\$1,250,000) in each as hereinabove provided, he will sell to the Vendors and the said E. A. Robert \$1,000,000 in face value of the first issue which may be made of debentures or bonds for the purpose of financing the Water Power development referred to in the said agreement, the price of sale to be \$92 and accrued interest per \$100 of face value principal amount. This right may be exercised by the Vendors and E. A. Robert proportionately, that is, each for one quarter, or less, within ten days from written notice given to William Henry Robert, 1452 Bishop Street, Montreal, on behalf of the Vendors and to E. A. Robert for himself that the said debentures or bonds are ready for delivery.

That is a part of exhibit 60.

Now Mr. Chairman, there are certain of the minutes of the first syndicate which I have culled and desire to bring to the attention of the committee. I shall endeavour to be as untedious—I do not know whether that is an English expression or not—as possible.

The CHAIRMAN: It is coming close to it.

Mr. WHITE: The first meeting of which we have a minute is dated March 2, 1928.

The CHAIRMAN: Will these extracts go in as separate exhibits? The minutes themselves are already in.

Mr. WHITE: Mr. Griffith has been accorded the privilege of substituting copies for the originals. There were present, R. O. Swezey, R. W. Steele representing Mr. Griffith, who?—A. The Dominion Securities Corporation.

Q. W. H. Robert, H. Newman, representing Newman, Swezey and Company?—A. He is a member of that company.

Q. And H. B. Griffith, that is yourself?—A. Yes.

Q. The capital of the syndicate is by resolution increased to 5,000 part interests, and applications were received from H. Newman, 50 part interests, F. S. Molson, 50, R. W. Steele, 250, H. B. Griffith, 100, H. B. Griffith, 50, I. L. Ibbotson, 25, F. S. Molson, 300, S. T. Blaiklock, 25, again R. O. Sweezey, 200, R. O. Sweezey, 100, and W. Sutherland, 25, and a resolution is passed allotting the part interests in accordance with those applications.

The WITNESS: I think for the sake of clarity I should explain that the list of members that you have read of persons who became members of the syndicate on that day, had forwarded applications and paid their money in some cases at a much earlier date than that, but as no minutes had taken place, we took that opportunity of holding the minutes that day; we were formally accepting the applications and making the allotment of part interests so that I simply interject this so that the committee will not be under a misapprehension that these people became members of the syndicate in fact on that day for the first time.

*By the Chairman:*

Q. Are we to take it that Mr. Sweezey has, in these minutes, apparently subscribed to the same shares that Jones said Sweezey had in the first syndicate, 400?—A. They are undoubtedly the ones that Jones refers to.

Mr. WHITE: 300.

The CHAIRMAN: Yes, 300. But Jones and Sweezey were supposed to have the same number of shares at the beginning?—A. My recollection is that they—, Sweezey had under the terms of the syndicate agreement, which was read yesterday, transferred to him 600 part interest free of charge.

Q. Who did?—A. Sweezey, and he was the only one who did get a part exchange free of charge, but a hundred of those he transferred to the Robert family in accordance with the terms of the agreement of the 3rd of February, 1927, so that he was left with 500 part interest, free of charge, and he purchased at this meeting a further 300, so his position was that he became the owner of 800 part interest, for which he had, in effect, paid \$30,000.

Q. When you say, "in effect," I do not know whether it is important or not, but did he in fact pay \$30,000?—A. In fact, he did, but that is subject to confirmation, too. Therefore, when Jones says he bought 800 shares for \$30,000 he was putting himself in a position of parity with Sweezey.

Mr. LENNOX: Mr. Griffith, Mr. White has read the names of a number of people who had share units.—A. Yes, sir.

Q. Where did the money go that was received for the sale of those share units in the first syndicate?—A. It went into the treasury of the first syndicate, and was handled as all company accounts are.

Q. No doubt about that. It went into the first syndicate.—A. Not the slightest doubt. We realized \$261,000.

Q. What did the first syndicate do with this money? They had in this treasury, not only the \$190,000 that was paid in by Mr. Jones, but also the proceeds from the sales.—A. Yes.

Q. —of those units.—A. Yes. Mr. Jones only paid \$30,000 into the first syndicate, the balance was paid out of the second syndicate. The total amount of cash realized by the syndicate from Mr. Jones and Mr. Sweezey was \$261,000. We never had that much at any one time.

*By the Chairman:*

Q. What about the 5,000 shares that were sold?—A. The 5,000 part interests that were sold?



*By Mr. White:*

Q. Now, I notice that you have two applications here, one for 100 and one for 50. Did you subscribe for those in your own right, or as trustee for somebody?—A. Is that me personally?

Q. Yes.—A. Subscribing?

Q. Yes.—A. I know that I did subscribe for some for myself, and some as trustee for somebody.

Q. There are two lots?—A. I had 50 myself and had a 100 as trustee, but I would have to look that up to confirm it.

Q. Where would you look it up?—A. I could search diligently through the books, and probably be able to discover which was personal, and which was as trustee.

Q. For whom were you trustee?—A. I was trustee for an old friend of mine, Philip Fisher of Montreal.

Q. What is his occupation?—A. I don't know what he is, I think he is—

Q. An old friend, and you do not know his occupation?—A. I know his occupation, but I would have some difficulty in explaining it. I think he is the manager or the secretary or occupies some position in connection with the printing business, the Southam Printing people.

Q. Then, at this same meeting, the secretary reported that in accordance with the provisions of the syndicate agreement, 600 fully paid part interests should be allotted to R. O. Swezey, and that was resolved accordingly. And provision is made for calls on these subscriptions, and a transfer of 100 part interests from Swezey to the Roberts, and Messrs. P. S. Ross and Sons are appointed auditors and Messrs. Meredith, Holden, Heward and Holden are appointed solicitors of the syndicate. Then, Mr. R. O. Swezey reported to the board the proposal for the formation of a new syndicate to take over the assets and liabilities of the present syndicate. Apparently there was no meeting of the syndicate held until it was proposed to form a new syndicate, because that is the meeting of which there are minutes at which the proposal to form the new syndicate was brought to the attention of the meeting. After considerable discussion and consideration of this proposal, it was resolved that the secretary instruct the syndicate's solicitors to prepare a draft agreement of sale along the lines discussed, such draft to be submitted to the board of syndicate managers for their consideration at the next meeting.

It was moved, seconded and unanimously resolved that the secretary be instructed, from time to time, to give to the Marquette Investment Corporation such necessary authorities in writing as might be required by the Marquette Investment Corporation to carry out the various matters dealt with by resolution of the board of syndicate managers. By the way, are the minute books of the Marquette Investment Corporation available?—A. I do not think I have them here now.

Q. Can you send for them?—A. Subsidiary or anything—I will try and get them for you, if you think they are necessary.

Q. I should like to have them, if you please.—A. Yes.

Q. The next meeting is on the 26th March, 1928. Applications were received there as follows for the respective part interests enumerated; Aime Geoffrion, 200; T. F. Kenny, 15; W. H. Robert, 100; John Stadler, 100; W. N. Dovell, 50; credit general du Canada, 800;—was that a subscription of that company of their own funds, or do you know?—A. Well, I do not know, Mr White.

Q. Or as trustees for somebody?—A. I do not know; they paid the money and signed the application.

Q. T. A. McGinnis, 100; Dr. Adam Shortt, 10.

The CHAIRMAN: Is this the new syndicate?

Mr. WHITE: No, still the old syndicate. The second lot of applications and the allotment was authorized in accordance with these applications. Mr W. H. Robert tendered his resignation as syndicate manager, and it is accepted. Then, there is a meeting on the 4th April, 1928, at which there were present Sweezey, Steele, Newman and Griffith. The chairman reported that L. Clare Moyer had subscribed for 800 part interests in the syndicate for a sum and price of \$30,000, payable one half, namely \$15,000—

The CHAIRMAN: What is the date of those minutes?

Mr. WHITE: The 4th April, 1928. Payable one half, namely \$15,000 on allotment, and the balance on 30 days' notice of call, and on motion duly seconded it was unanimously resolved that the said subscription be, and it is hereby accepted, and that 800 part interests of this syndicate be, and they are hereby allotted to the said subscriber.

The CHAIRMAN: For how much?

Mr. WHITE: \$30,000.

The CHAIRMAN: I just want to interject. Mr. Griffith, I have identified two lots of unit shares that were paid for in cash; that is, 800 shares from Jones for \$30,000—

Mr. WHITE: We have not got to this yet, Mr. Gordon, but I am coming to it.

The CHAIRMAN: We have got that in evidence for what it is worth. Then, we have the same number of shares and the same amount of money from Mr. Moyer. We have been going over the applications for shares in this syndicate, and there is nothing said about what rate they are being sold at. Was there a price per unit share fixed?—A. No, there was not sir.

Q. How did you arrive at it? If you take \$261,000 and work it out that way, it does not work out.—A. That is very largely true. We were actuated by different motives. I might say, when we started this enterprise we had no idea it would take as long a period of time, or take as much money—

Mr. WHITE: That is the experience of every man who has built a house.—A. We thought that we could probably do that with about \$150,000, of which \$100,000 would be required to make the first Robert payment, and \$50,000 would do our preliminary engineering and legal expenditures, and so forth. As we got into it; we found that was not so. We went to Quebec and we had a rebuff.

Q. Had what?—A. We had a rebuff in 1927. We went to the legislature of the Province of Quebec with an application to amend the charter of the Beauharnois Light, Heat and Power Company. We were not prepared—

The CHAIRMAN: I do not want you to go into the details of it just now, but if you would just tell me— —A. The reasons for the different prices?

Q. Yes.—A. Well, I cannot tell you all the reasons. It was a long time ago, and Mr. Sweezey was perhaps the controlling factor in adjusting the prices. During the latter part of 1927, before the legislature adopted the amendment to our charter, in the province of Quebec, I think it was in May—it was either late in February or early in March, 1928—

Mr. WHITE: March 2, I think.—A. It was early in March, I think, in 1928, we would have had a great deal of difficulty in raising money on the street in Montreal, had no chance to get it at all, and these are the factors which had something to do with the price at which shares were sold. I think the controlling factor which contributed to the price of the shares was the fact that Sweezey had received in effect 800 part interests on the payment of \$30,000, and any other parties assigning anything like a proportionate amount of money expected to get relatively the same terms.

*By the Chairman:*

Q. Did anybody get it at any less?—A. Nobody got them for any less.

Q. You are sure about that?—A. Absolutely sure about that.

*By Mr. White:*

Q. Jones got in to the ground floor?—A. Quite.

Q. Was this \$30,000 subscription by Mr. Clare Moyer the Jones subscription?—A. No, no, I think the Jones subscription appears under the heading of Newman, Sweezey and Company. I would like to give the reason why it was Newman Sweezey and not Frank Jones who subscribed.

Q. We will go on with that. This was not the Jones subscription?—A. No.

Q. Do you know whether Mr. Moyer was subscribing on his own behalf, or on behalf of clients or others?—A. I am afraid I cannot affirm whether he was subscribing on behalf of clients, but my opinion is he was subscribing on behalf of clients, but I have no evidence of it.

Q. Do you know who does know?—A. No, I do not know.

Q. Mr. Moyer, from the minutes which I have before me, was present at a good many meetings of the syndicate, is that not so?—A. Mr. Moyer became the syndicate manager.

Q. And did he not disclose to you, as another syndicate manager, for whom he was acting?—A. No, he offered me no evidence and I asked for none.

HON. MR. MACKENZIE: You could find out, I suppose, from Mr. Moyer himself.

MR. WHITE: Oh, yes.

HON. MR. MACKENZIE: Direct evidence is better.

*By Mr. White:*

Q. Then the next meeting is on the 4th April, 1928?—A. The same day.

Q. And at that meeting the memorandum of agreement between the Beauharnois Syndicate and the Beauharnois Power Syndicate was submitted and appears in the minutes and is worth, perhaps, some consideration. It is dated the 4th day of April, 1928, and is between the Beauharnois Syndicate, represented by Mr. Steele and Mr. Griffith; and the Beauharnois Power Syndicate, represented by Mr. Molson, its President, and L. Clare Moyer the Secretary-Treasurer.

It says:

Whereas the Vendor has been organized as an unincorporated syndicate"—

MR. LENNOX: That is the first syndicate?

MR. WHITE: Yes. One is called the Beauharnois Syndicate, and the other is called the Beauharnois Power Syndicate.

MR. LENNOX: That is the second syndicate.

MR. WHITE: The Beauharnois Power Syndicate is the second syndicate. This goes on:—

Whereas the Vendor has been organized as an unincorporated syndicate under and in virtue of a Memorandum of Agreement made in duplicate as of the twelfth day of May, 1927, by and between Robert Oliver Sweezey as party thereto of the first part and Marquette Investment Corporation as party thereto of the second part; and

Whereas the Purchaser has been organized as an unincorporated syndicate under and in virtue of a Memorandum of Agreement made in duplicate as of the fourth day of April, 1928, by and between F. Stuart Molson, Ivan L. Ibbotson, Hilda Knight, L. Clare Moyer and Robert



Heldenby as parties thereto of the first part and said Marquette Investment Corporation as party thereto of the second part;

Now, therefore, this Indenture Witnesseth:

That the Vendor and the Purchaser in consideration of the mutual covenants herein contained have agreed together as follows:—

1. The Vendor hereby sells, assigns and transfers to the Purchaser all the Vendor's undertaking, assets and rights of whatsoever nature and wheresoever situate, including but without in any way limiting the generality of the foregoing, the rights and interests referred to in the said Memorandum of Agreement made as of the twelfth day of May, 1927, as "the rights and interests transferred;"

To Have and To Hold the said undertaking, assets and rights hereby sold, assigned and transferred as the absolute property of the Purchaser in full ownership with the right to take possession thereof forthwith.

2. The said sale, assignment and transfer hereby made have been made for and in consideration of ten thousand (10,000) fully paid Part-Interests of the Purchaser which prior to the time of the execution hereof have been allotted to the Vendor and/or its nominees by the Purchaser.

*By Mr. White:*

Q. I take it, Mr. Griffith, that that means that a new syndicate was formed and that two shares or two part-interests were issued for each one part-interest in the old syndicate?—A. That is right.

Q. That is five thousand in the old syndicate would mean that ten thousand part-interests in the new syndicate were divided among the old syndicate owners?—A. That is correct.

Q. Then this memorandum goes on:—

3. The Purchaser hereby assumes and promises to pay, fulfil and carry out to the complete exoneration of the Vendor all the liabilities and obligations of the Vendor of whatsoever nature in existence at the date hereof.

And then there are certain other formal provisions; and then it says:—

And To These Presents Intervened, Marquette Investment Corporation, a company duly incorporated by Letters Patent of the Province of Quebec, herein acting by R. O. Sweezey, its President, and F. S. Molson, its Secretary, hereto duly authorized in virtue of a resolution of its Board of Directors a certified copy whereof is hereto annexed and signed for identification by the parties, the said Intervenant being the party of the second part in each of the said two agreements, namely, the Memorandum of Agreement dated as of the twelfth day of May, 1927, and the Memorandum of Agreement dated the fourth day of April, 1928, and being referred to in each of the agreements as the "Depositary."

Which said Intervenant hereby acknowledges that it has taken communication of the foregoing agreement between the Vendor and the Purchaser and that the undertaking, assets and rights hereby sold, assigned and transferred are in its custody and it hereby covenants and undertakes that the same will be held and dealt with by it henceforth in trust for and on behalf of the Purchaser and upon and subject to all the trusts, provisions and conditions in the said Memorandum of Agreement of the fourth day of April, 1928, between the Purchaser and it the said Intervenant.

Q. Now will you tell us in a few words what part the Marquette Investment Corporation played in these syndicate transactions?—A. It would be customary in organizing a syndicate or a group of men conducting a partnership operation

to lodge in one of their number or with a trust company or in some other fixed place the custody of the assets of the partnership or of the syndicate. In this particular case we might have vested the title to our assets in an individual or in one of the incorporated trust companies or in some other going organization, but we preferred, because of the particular nature of our business, to incorporate and create for the sole purpose of acting as the depositary agent or trustee of the syndicate the Marquette Investment Corporation which was incorporated under the Companies Act of the Province of Quebec.

Q. By whom?—A. What do you mean?

Q. By and on behalf of the members of the syndicate?—A. No, by and on behalf of Mr. Swezey, myself and my partners. We did not as a corporation engage in any business whatever except to hold the title in trust of the assets of the syndicate.

Q. And that company on the division of the assets, as I remember it, received \$25,000?—A. Received a fee of \$25,000 for its services for the two syndicates.

*By the Chairman:*

Q. Has that company been dissolved now?—A. No, not yet, Mr. Chairman; although conditions are changing rapidly it still has title to some of the real estate in the County of Beauharnois. It has no other function with the company excepting to hold title to real property; and in time, as our work progresses, it will transfer the title to the Beauharnois companies.

*By Mr. White:*

Q. Are the minutes of the Marquette Investment Corporation available?—A. That is the one you spoke of, Mr. White. I have not brought them with me; they were not included.

Q. They are here?—A. No, they are not in Ottawa. I will have to get them sent up to-night.

Q. Oh, yes, I spoke to you about that before?—A. Yes.

Mr. WHITE: There are so many of these things that I may get mixed up.

The WITNESS: I have a copy of the agreement which you read, if you want to file it as an exhibit.

*By Mr. White:*

Q. It was executed in the form I read?—A. Yes.

Q. It is signed on behalf of the Beauharnois Syndicate by R. W. Steele and Mr. Hugh B. Griffith; and on behalf of the Beauharnois Power Syndicate by Mr. F. S. Molson and Mr. L. C. Moyer; and on behalf of the Marquette Investment Corporation by Mr. R. O. Swezey and Mr. F. S. Molson?—A. Yes.

Q. Then Mr. Molson was appointed the proxy of his syndicate to attend and vote at a general meeting of the members of the Beauharnois Power Syndicate to be held on the same day. Then there was a further meeting on the tenth April, 1928, at which Mr. H. Newman, Mr. R. W. Steele and Mr. H. B. Griffith were present, and a waiver of notice was signed; and on that day I find this minute:

On motion duly seconded it was unanimously resolved that whereas Newman, Swezey & Company, Limited, in trust, of Montreal, subscribed for eight hundred (800) Part Interests in this Syndicate, at the price of Thirty Thousand Dollars (\$30,000) and on the 13th of April, 1927, paid Fifteen Thousand Dollars (\$15,000) on account of the said subscription price, which payment on account was accepted by the Syndicate, that eight hundred (800) Part Interests of this Syndicate be and they are hereby allotted to the said Newman, Swezey & Company, Limited, in

trust, and that the Secretary of the Syndicate be and he is hereby authorized to issue certificates for the same, upon receipt of the payment of the balance of purchase price.

Those are the Jones Part-Interests?—A. I believe they are. I believe Mr. Jones was in Europe at the time and could not sign for them himself, so we did it in that way.

Q. And the minutes go on as follows:

On motion duly seconded it was unanimously resolved that whereas Newman, Sweezey & Company, Limited, in trust, of Montreal, subscribed for two hundred (200) Part-Interests of this Syndicate, at the price of Ten Thousand Dollars (\$10,000) on December 15, 1927,—

That is a quite different price, is it not?

Hon. Mr. MACKENZIE: That just confirms what he said a few minutes ago that the more you got the cheaper.

*By Mr. White:*

Q. Proceeding, it goes on:

and paid the full subscription price which was accepted by the Syndicate, that two hundred (200) part interests of this Syndicate be and they are hereby allotted to the said Newman Sweezey & Company Limited, in trust, and the Secretary of the Syndicate be and he is hereby authorized to issue certificates for same.

Do you know for whom they were in trust?—A. I would have to look that up; but trusting to my recollection, I think that was for Mr. Jones also.

Q. You will look that up and let us know, will you?—A. Yes, I will.

Q. Then it proceeds:

On motion duly seconded it was unanimously resolved as follows:—

Whereas Newman, Sweezey & Company Limited, in trust, subscribed for fifty (50) Part-Interests of this Syndicate, at the price of Five Thousand Dollars (\$5,000) and on March 23rd, 1927, paid the said subscription price in full, which payment was accepted by the Syndicate, that fifty (50) Part-Interests of this Syndicate be and they are hereby allotted to the said Newman Sweezey & Company Limited, in trust, and the Secretary of the Syndicate be and he is hereby authorized to issue certificates for the same.

Do you know for whom those were bought?—A. Subject to confirmation, I think it was Fred M. Connell of Toronto.

Q. That is the mining man?—A. That is right.

*By the Chairman:*

Q. Up to date that is the highest price that had been paid?—A. That is right, sir.

*By Mr. White:*

Q. \$5,000 for fifty shares, that is \$100 a share.

On motion duly seconded it was unanimously resolved as follows:—

Whereas Newman Sweezey & Company Limited have applied for permission to transfer to Frank P. Jones eight hundred (800) Part-Interests in this Syndicate, held by them in trust, upon which Fifteen Thousand Dollars (\$15,000) has been paid on account, and the balance of Fifteen Thousand Dollars (15,000) remains to be paid, that permission be and it is hereby given to the said Newman Sweezey & Company Limited, in trust, to transfer the said eight hundred (800) Part-Interests to the said Frank P. Jones, of Montreal.



On motion duly seconded it was unanimously resolved as follows:—

Whereas Newman Swezey & Company Limited, in trust, have applied for permission to transfer to Frank P. Jones two hundred (200) Part-Interests in this Syndicate held by them in trust, the subscription price of which has been fully paid, that permission be and it is hereby given to said Newman Swezey & Company Limited to transfer the said two hundred (200) Part-Interests to the said Frank P. Jones.

On motion duly seconded it was unanimously resolved as follows:—

Whereas Newman Swezey & Company Limited, in trust, have applied for permission to transfer to Fred M. Connell fifty (50) Part-Interests in this Syndicate, held by them in trust, the subscription price of which has been fully paid, that permission be and it is hereby given to said Newman, Swezey & Company, Limited, to transfer the said fifty (50) Part-Interests to the said Fred M. Connell.

Those are the shares?—A. Yes.

Q. And the others were fifteen Part-Interests authorized to be transferred to R. M. Kenny, of Buckingham, P.Q., from Mr. F. S. Molson; and permission is also given to Mr. H. Newman to transfer to J. C. Newman, of Montreal, twenty-five Part-Interests. And those are all the minutes as far as they have been presented to me, of the first syndicate.

Mr. LENNOX: Now, Mr. White, the first syndicate was inaugurated or came into being on the 12th May, 1927?

Mr. WHITE: So we were informed yesterday.

Mr. LENNOX: Now I am particularly interested in knowing what was the reason for forming a second syndicate.

Mr. WHITE: I think perhaps as we get into the minutes of the second syndicate the reason may be indicated, or perhaps Mr. Griffith could tell us now.

The WITNESS: Yes, Mr. Lennox, it was largely the necessity of getting more money.

*By Mr. Lennox:*

Q. Let me ask you this before you begin to explain. Did you have any greater power as regards raising money under your second syndicate than you had under your first syndicate?—A. No. There were some slight differences in the syndicate agreement, but they were of a technical nature.

*By the Chairman:*

Q. The managers were given wide powers as to selling?—A. I think there was a restriction; I think they were not allowed to sell them for less than \$100 each or the equivalent of \$100 in the opinion of the managers.

*By Mr. Montgomery:*

Q. That is in the second syndicate?—A. That is in the second syndicate.

*By Mr. Lennox:*

Q. You were going on to explain your reason for forming the second syndicate?—A. Our principal reason was that we had exhausted the funds under the first syndicate and we had also arrived at the point when we had got our charter amended and thought probably our work would proceed.

We were under process of negotiating a lease with the Province of Quebec, and we knew a term of that lease would be that the Beauharnois Light, Heat and Power would have to deposit \$500,000 with the Government of the Province of Quebec either in cash or bonds; and also we knew we would be justified in spending a good deal more money in the county of Beauharnois in engineering

and surveying work. So that we laid down a plan for securing a million dollars. The machinery of our first syndicate would not permit that.

*By the Chairman:*

Q. They had sold all their shares?—A. There may have been certain reasons which may not appear important now, but they did appear important at the time. We could only have secured more money, without having disturbed the capital structure, by assessing all the members of the syndicate, which we would have had to do pro rata.

Q. Would not the members of the syndicate have agreed to increasing the number of interests?—A. Yes, but that practically would have been a new syndicate.

Q. The chief difference which appears to me is that the new syndicate members got two shares for one.

Mr. JACOBS: Is there anything new in that?

Mr. WHITE: I am not up in finance.

Mr. JACOBS: Come down to Montreal and we will give you a short course.

Mr. WHITE: Mr. Griffith a few minutes ago referred to the street, and I was wondering whether he referred to the street that is called straight.

The WITNESS: They are all straight.

*By the Chairman:*

Q. The situation is this, the old syndicate with its five thousand shares, transferred, or accepted,—let us put it in that way,—two for one in the 30,000 share syndicate?—A. That is right, sir, authorized at 30,000.

Q. That meant that the new syndicate started out with 10,000 of its unit shares issued to the old syndicate?—A. Yes.

Q. To all intents and purposes retiring the old syndicate?—A. That is right, sir.

Q. And the old syndicate shareholders became shareholders in the new syndicate set up, and this was a syndicate with 20,000 shares available to sell to whoever wanted to buy them, or to give away for services rendered, as the case may be?—A. Yes, sir.

*By Mr. Lennox:*

Q. Why could not the old syndicate do that?—A. We had entered into contractual obligations with Robert which limited the size of our old syndicate; but the principal reason was this that if Sweezey, Newman and I, who were in a sense the majority of the managers, had said "We will assess every member of this syndicate \$100 for every part-interest that he holds", we might have forced some of the people out. We did not want to do that.

Q. Why should you have to assess the members of the syndicate? Why could you not have increased the number of units and sell them?—A. In effect that is all we did do.

Q. No, because by reason of forming the second syndicate you got twice as many units, that is the members of the old syndicate made that much money out of it?—A. No, they did not make money. What we did was to require the people who became partners of ours after we had got our lease from the Province of Quebec and had done what we considered as spade work, should pay more money than we had paid; and that is why we divided our stock.

Q. That is, notwithstanding that you got two for one, the new subscribers had to pay more than you had paid?—A. Yes, they paid \$100 apiece; whereas had we all paid \$100 we would have been paying \$50 apiece. We got no cash on the transaction; we got units.

*By Mr. White:*

Q. Not until the syndicate assets were divided?—A. I would rather not argue the value of the syndicate's assets.

The CHAIRMAN: That is the usual way, turning natural resources to account.

*By Mr. White:*

Q. The first meeting of the Beauharnois Power Syndicate, the second syndicate, was according to the minutes, held on the 4th April, 1928 at 2.20 p.m.

Hon. Mr. MACKENZIE: The same day?

Mr. WHITE: The same day as the meeting of the first syndicate.

*By Mr. White:*

Q. This is a meeting of the syndicate managers of the Beauharnois Power Syndicate. How were these managers elected?—A. Are you referring to what you might call the provisional managers?

Q. I have here the minutes of a meeting of the first syndicate managers of the Beauharnois Power Syndicate, held at 136 St. James street, in the City of Montreal, on the 4th day of April, 1928, and these are the first minutes in the minute book.—A. I should think that they were probably chosen in the way all the first directors of the Beauharnois syndicates were chosen, but we went around the office and got people as trustees.

Q. Who were these people: Mr. F. Stuart Molson?—A. He is a director and fellow employee of Newman, Sweezey and Company, Limited.

Q. Mr. Ivan L. Ibbotson?—A. He is a fellow employee there.

Q. And Miss Hilda Knight?—A. An employee of Newman, Sweezey and Company.

Q. And Mr. L. Clare Moyer, we know who he is. And who is Mr. Robert Haldenby?—A. An employee of the Dominion Securities Corporation.

Hon. Mr. MACKENZIE: How can that meeting have been held on the 4th day of April when the meeting of the old syndicate was held on the 10th April?

*By Mr. White:*

Q. There was nothing to prevent the meeting, as they did not have any assets, but they were organizing, I see, and the chairman reported that the Memorandum of Agreement between F. Stuart Molson, Ivan L. Ibbotson, Hilda Knight, L. Clare Moyer and Robert Haldenby as parties of the First part and Marquette Investment Corporation as party of the Second part, constituting the Beauharnois Power Syndicate, had been executed on the 4th April, 1928, by all the parties thereto.

We have that agreement, have we not?—A. That is the second syndicate agreement, I think you have it.

Q. These minutes proceed:

The Chairman reported that subscriptions had been received from Mr. Robert O. Sweezey, Mr. Hugh B. Griffith, Mr. Robert W. Steele, Miss Hilda Knight and Mr. L. Clare Moyer for one (1) Part-Interest each of the Capital Stock of the Beauharnois Power Syndicate at One hundred dollars (\$100) per Part-Interest, and on motion duly seconded it was unanimously resolved that the said subscriptions be and they are hereby accepted and that one (1) Part-Interest be allotted to each of the said subscribers.

Mr. Molson was elected President and Mr. Moyer Secretary and Treasurer. And then the Memorandum of Agreement, dated the 4th day of April, 1928, between the Beauharnois Syndicate and the Beauharnois Power Syndicate was



brought to the attention of the meeting. I have already read that in the other minutes. And it was approved and the officers were authorized to execute it, in accordance with the provisions of the agreement, and the 10,000 shares consideration for the transfer of the assets from the first to the second syndicate were authorized. Then Messrs. Molson and Ibbotson, Miss Knight, and Messrs. Moyer and Haldenby, as first syndicate managers of the syndicate, resigned and their resignation was accepted; and a special general meeting was directed to be held on the same day for the purpose of electing syndicate managers to replace those retired.

That meeting was held at 2.45 p.m. on the same 4th day of April, 1928, according to the minutes, and the managers elected were Robert O. Sweezey, Hugh B. Griffith, Robert W. Steele, L. Clare Moyer and Miss Hilda Knight.

Then on the 4th day of April, 1928, the same day again, the chairman reported that Mr. F. Stuart Molson, the President, and Mr. Hugh B. Griffith, the Secretary and Treasurer, had tendered their resignations as such officers; and their resignations were accepted; and Mr. Sweezey was elected President, Mr. R. W. Steele, Vice-President, and Mr. Griffith Secretary and Treasurer.

And on the 14th April:

The Secretary reported that under the Agreement executed by the Syndicate with the Beauharnois Syndicate on the 4th day of April, 1928, ten thousand (10,000) Part-Interests had been allotted to The Beauharnois Syndicate and/or its nominees, and that The Beauharnois Syndicate had notified the Syndicate that its nominees to receive these Part-Interests were the following for the amounts set opposite their respective names:—

R. O. Sweezey.. . . .	1,600
H. Newman.. . . .	50
F. S. Molson.. . . .	700
R. W. Steele.. . . .	500
H. B. Griffith.. . . .	300

Were those your own, Mr. Griffith?—A. No, they included—

Q. They included the ones which you were holding for others?—A. Yes, sir.

Q. Another or others?—A. Another.

Q.

I. L. Ibbotson.. . . .	50
S. T. Blakelock.. . . .	50
W. Sutherland.. . . .	50
W. M. Dobell.. . . .	100
Aime Geoffrion.. . . .	400
T. Fred Kenny.. . . .	30
W. M. Robert.. . . .	200
John Stadler.. . . .	200
Credit General de Canada.. . . .	1,600
T. A. McGinnis.. . . .	200
Dr. A. Shortt.. . . .	20
Heirs late J. B. Robert.. . . .	200
J. C. Newman.. . . .	50
Frank Jones.. . . .	400
Fred M. Connell.. . . .	100
Beauharnois Syndicate.. . . .	3,200

The CHAIRMAN: I presume for these shares everyone paid the same amount?

Mr. WHITE: These are the 10,000 shares which were exchanged for the old shares, and these were the nominees of the old syndicate.

*By Mr. White:*

Q. That 3,200 shares was the balance of the 10,000 shares unallotted to individuals, or perhaps to put it more correctly, in respect to which the Beauharnois Syndicate had not made any nomination so that they went directly to the syndicate instead of to nominees of the syndicate?—A. That is right.

Q. Then on motion it was resolved—

The CHAIRMAN: Just a moment, Mr. White, I am not following that. What you have just referred to are the 10,000 shares issued out of the second syndicate to take care of the shares of the first syndicate?

Mr. WHITE: As the consideration for the transfer to the second syndicate of the assets of the first syndicate.

The CHAIRMAN: And the shares were issued to the members of the old syndicate?

Mr. WHITE: The agreement was that they should be transferred to the old syndicate or its nominees, and in respect to the names which I have mentioned here, the old syndicate made nominations; but the nominations apparently did not absorb the whole 10,000, and there were 3,200 Part-Interests left which were transferred, instead of to nominees, direct to the old syndicate itself.

The CHAIRMAN: Presumably for distribution among the members entitled.

Mr. WHITE: Obviously, I should think so.

*By the Chairman:*

Q. I suppose there was a list of the shareholders of the first syndicate as of the date of dissolution?—A. Mr. Chairman, the list which Mr. White has just read is the list of all the members, with two exceptions, F. P. Jones and Moyer; and my recollection is that they were not nominated on the 4th April, but became nominated at a later date, because of the fact that their payments had not been completed, their shares had not been fully paid, and the old syndicate did not forward their nomination until these parties had paid the balance of the money due by them.

Q. Then am I correct in saying that the total number of unit holders in Syndicate No. 1 at the date of the dissolution is set out in the list which Mr. White has read, plus the two names you have stated?—A. That is right, sir.

*By Mr. Montgomery:*

Q. And they would take up the balance of the 3,200?—A. Yes.

*By the Chairman:*

Q. And they are shown in the books of the old syndicate?—A. Yes, sir.

*By Mr. White:*

Q. We will check that, of course, by reference to the books themselves. Perhaps it might be convenient to do that now. Have you the share ledger here which will show the syndicate members as of the 14th of April, 1928?—A. Robert O. Sweezey.

Q. How many shares? The 14th of April, 1928, is that the date of this resolution I have read?—A. It is the last date in this book.

Q. The last date in what book?—A. The share stock book of the Beauharnois syndicate.

Q. That is the first syndicate?—A. Yes.

*By the Chairman:*

Q. That is the share register?—A. Yes. Robert O. Sweezey, 800.

*By Mr. White:*

Q. He gets 1,600?—A. That is correct. Henry Newman 25, F. S. Molson 350, R. W. Steele 250, H. D. Griffith 150, I. L. Ibbotson 25, S. T. Blaiklock 25, W. Sutherland 25, W. M. Dobell 50, Aime Geoffrion 200, T. Fred Kenny 15, W. H. Robert 100, John Stadler 100, Credit General de Canada 800, T. A. McGinnis 100, Dr. A. Shortt 10, Clare Moyer 800, heirs of the late J. B. Robert 100.

Q. Have you J. C. Newman?—A. Newman, Sweezey and Company in trust 800. (See page 689.)

Q. Is that part of the thirty-two?—A. Yes, that is part of the thirty-two; and so is Moyer, by the way.

Q. Just proceed?—A. Moyer and Newman, Sweezey in trust for 800 each, became 32. John Newman 25, Frank P. Jones 200, Fred M. Cornell 50.

Q. And of the 3,200, you say they were made up of Newman, Sweezey in trust for Frank P. Jones?—A. 800 shares.

Q. Who had 800 shares of the old syndicate, which became 3,200 in the new?—A. 1,600 in the new.

Q. And Moyer, in trust for somebody you do not know about?—A. Yes.

Q. Which became 1,600, the two constituting the 3,200 mentioned in this resolution?—A. That is correct.

*By the Chairman:*

Q. That makes up the 10,000?—A. That is right, sir.

*By Mr. White:*

Q. This resolution was passed reciting the necessity for the deposit with the Provincial Government which Mr. Griffith has spoken of, and other outgoings that would be probable, and this minute occurs, "in order to provide for these contingencies as well as for the engineering work already authorized, the Chairman recommended that 10,000 and five par-interests of the syndicate be offered to the members of the syndicate at the price of \$100 each on the basis set out below." That is not quite in accordance with what I understood you to say a moment ago, which was that the new members coming in would pay more than the ones who had already been in, because the price is fixed at \$100, and you were offering these to the members of the old syndicate?—A. That is correct.

Q. Your letter offering that is set out. I need not read it—the form of subscription—and the meeting adjourned. But on the 30th of April at high noon there was held a meeting of the syndicate managers, at which were present Messrs. Sweezey, Griffith, Moyer and Miss Knight, and subscriptions were received from a number of people who do not appear to have been members of the old syndicate, in amounts of from two to ten part-interests.

The CHAIRMAN: What is the date of the meeting?

Hon Mr. MACKENZIE: April 30.

*By the Chairman:*

Q. Can we take it from that, Mr. Griffith, that the offer was made to the original members, and some of them failed to come through?—A. No, sir, all of the original members did subscribe. An additional allotment, so-called treasury stock—

Q. Over and above the 10,000 and five?—A. Yes.

Q. When was that issue authorized?

Mr. WHITE: That does not appear in the minute.

WITNESS: It is authorized by the exception of the application of the allotment of the stock.



*By the Chairman:*

Q. Authorized after the application came in?—A. Yes.

Q. Because the minute we had a moment ago indicated the offering as 10,000 and five, which would just equate the number of shares held by the members of the old syndicate. Applications came in for a greater number than the 10,000 and five, and the applications were accepted, and afterwards the issue of the additional number was approved in the minutes by the managers?—A. Yes. After the application had been received. In point of fact, the syndicate started by allotting 10 to the old syndicate—10,000 part-interests.

Q. And five?—A. The five are the five incorporators, or originators. It then took another 10,000 and said to the only members that the syndicate then had which was still the 18 or 19 members of the first syndicate, "you can buy another 10,000 at the rate of one part interest for each part interest you now hold." And they did, in fact, so subscribe.

*By Mr. White:*

Q. That was 10,000 and five; it was not 10,000?—A. The five by the way were never subscribed; they went to the incorporators under the theory of the thing. They were offered to the incorporators. I should not call them the incorporators; I should call them the first members. The first members did not exercise their first right.

*By the Chairman:*

Q. We sometimes call them dummies and guinea receivers?—A. We do not get any guineas in Canada, of course. After that had been done the syndicate did invite other persons to become members. When I say the syndicate, that is perhaps not correct. Let me say that Mr. Sweezey or I or Mr. Steele or the party interested did invite other persons to become members of the syndicate and told them that if they would send in an application for an allotment of part shares, that application would be considered by the syndicate members.

*By the Chairman:*

Q. On the same basis as the old one—at \$100?—A. On the same basis as the old one at \$100.

*By Mr. White:*

Q. Is that the fact?—A. Yes, that is the fact.

Q. There is a curious resolution here, if that is the fact. I am not doubting your word at all but it may require some explanation?—A. I will be glad to give it.

The Committee adjourned until 2.30.

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## AFTERNOON SITTING

The Committee resumed at 2.30 o'clock.

HUGH B. GRIFFITH, recalled.

*By Mr. White:*

Q. The applications of which we were speaking at adjournment and the names of the applicants appearing on page 31 of the minutes of the board of managers of the Beauharnois Power Syndicate of the 30th April, 1928, appears on pages 31 and 32, and there are some sixty-three applicants. I doubt whether

the committee will be interested in their names. I have looked them over and they appear to be largely brokers?—A. A large number of them.

Q. I think I recognized 34 of them as brokers doing business in Toronto.

Mr. JACOBS: We will pay no attention to them at all; they do not deserve consideration.

Mr. WHITE: There are several brokers, I think, from Montreal.

Mr. JACOBS: It makes no difference.

*By Mr. White:*

Q. This is the list of the subscribers to the third block of 10,000 shares. I have not added them up, but they do not look like 10,000 to me?—A. They are not. I might explain that there are 995 part interests included in the list, and I think one or two subsequent lists at other meetings.

Q. They are small blocks?—A. They total one thousand, if we include the five guinea receivers.

*By the Chairman:*

Q. Each one of these unit shares in the second syndicate carries with it the right of conversion, if we can use that term, in the shares or bonds of the Beauharnois Company Limited?—A. It did not carry it right at that time.

Q. It subsequently developed?—A. It constituted a part ownership in the assets, and when the assets were sold the proceeds were divided amongst the holders of part interests.

*By Mr. White:*

Q. When the proceeds were sold to the Beauharnois Power Company?—A. Yes.

*By the Chairman:*

Q. I had in mind that the next step and probably the final step would be that those holding units in the second syndicate, by reason of their holding a unit, became entitled to and got something in the parent or holding company—the Beauharnois?—A. That is true.

Q. What did they get per unit?—A. \$150 in cash.

Q. And what else?—A. And 40 class A common shares.

Q. Do those class A common shares ever have a market value?—A. Yes, they are sold on the Montreal Curb Exchange.

*By Mr. White:*

Q. They are selling at about six dollars?—A. I think they have gone down to five and a half.

*By the Chairman:*

Q. What have they been at?—A. I had the record. I am speaking from memory—about 15.

Q. They are down to about six?—A. They are down, as I say, to five and a half. I have not inquired to-day.

Mr. FORSYTHE: They were at five.

Mr. STEWART: The Ottawa Journal said six.

*By Mr. White:*

Q. At the same meeting an application was submitted from Mr. Sweezey, transferring to Mr. Griffith 50 part interests in the syndicate. Were they purchased by you, Mr. Griffith?—A. I imagine so, Mr. White. I know I did buy

from Mr. Swezey, or from Mr. Molson—I am not sure which—fifty. The transaction would show on my own account whatever it was.

Q. There is another application from F. S. Molson for permission to transfer to Henry Newman 150 part interests, and to H. B. Griffith 100 part interests. Was that transaction on your own part too?—A. Yes, that was.

Q. And neither of these applications—the 50 or the 100 part shares—were held by you in trust for anyone else?—A. No.

Q. Then on the 9th of May, 1928, “further subscriptions were received at the price of \$100 per part interest, Midland Securities. . . .” there is a long list of them.

Hon. Mr. MACKENZIE: Where do you get the 9th of May?

Mr. WHITE: It is another meeting—a meeting of the Board of Syndicate Managers. Subscriptions were received from various people for shares varying from one to ten—quite a substantial list, but on reading the list over there is not anything that to me appears worthy of bringing to the attention of the committee. An allotment is made in accordance with those applications. There are about 100 others?—A. I think so. That and the preceding list and another list would total 995.

Q. Then, at a meeting on the 18th May, 1928, subscriptions from 14 individuals were accepted, small blocks of shares from one to ten, and the rights of the original subscribers to subscribe to further shares were limited to a certain date. Meeting of the 12th of June, applications for subscriptions from various individuals, from one to fifty shares. There is nothing worthy of note so far as I can see by looking at it.

The secretary reported that in respect to the 10,000 part interests offered to part interest holders, of record the 18th day of April, 1928, subscriptions had been received accompanied by payment of 10 per cent for 9,500 part interests, and that subsequent to May 18, 1928, on which date the right to subscribe had expired, an application from Mr. R. O. Swezey had been received for the five hundred shares not otherwise applied for. On motion duly seconded it was resolved (Mr. R. O. Swezey not voting) that five hundred part interests of the syndicate be allotted to Mr. Swezey, on the same terms and conditions as the allotment authorized on the 14th day of April, 1928.

At what price was that?—A. \$100.

*By the Chairman:*

Q. All these shares in the second syndicate, over and above the 10,000 and five were sold at the same price; \$100?—A. Yes.

Q. Without any commission to anybody?—A. Without any commission to anybody.

Q. And none of them were given away?—A. There were 2,000 which were issued for assets valued at \$200,000. With that reservation, they were all sold for cash at \$100.

*By Mr. White:*

Q. Does that appear in the minutes?—A. That appears in the minutes.

Q. Then follows a long resolution in regard to pledging to the Bank of Montreal 50 per cent of the subscriptions, and the names of the persons are set out.

*By the Chairman:*

Q. These are sold on the instalment plan?—A. Yes, sir. The 10,000 that were issued to the original subscribers were sold on the instalment plan—the small subscription.



Q. That is the second 10,000 and five?—A. Yes, sir. The small subscriptions that Mr. White has been referring to were paid for in cash in full.

*By Mr. White:*

Q. There is a peculiarity about this document which I think I ought to bring to your attention. It is an assignment to transfer from the syndicate managers to the Bank of Montreal, apparently intended as security for advances made by the bank, and the thing that is assigned to the bank is the subscriptions, apparently the security being the unpaid portions of those subscriptions. As you have already pointed out, Mr. Chairman, they were paid for in instalments, and for the first time in the list is the name of Mr. J. A. Lefebvre concerning whom I asked this morning regarding 1,600 shares.

The CHAIRMAN: What date is that?

Mr. WHITE: The date of the subscription is given as May 18, 1928.

*By Mr. White:*

Q. How did Mr. Lefebvre acquire these?—A. Mr. Lefebvre acquired the right to subscribe for the shares which would otherwise have been subscribed to by Credit General de Canada, and he acquired the right by nomination of Credit General de Canada.

Q. He was the gentleman you spoke of as being employed in Senator Raymond's office?—A. Yes.

Q. In other words, the Credit General de Canada did not take up their own subscription, but assigned the right to Mr. Lefebvre?—A. That is correct.

Q. There is no minute so far authorizing that, is there?—A. I do not recall that there was a minute. There may have been.

Q. I have looked it over carefully and I find none?—A. There is not then.

*By the Chairman:*

Q. That is for 1,600 shares?—A. Yes.

Q. He would get those for \$100 per share?—A. Yes.

Q. Is there any reason why the Credit General de Canada should relinquish their right to subscribe and hand it over to Mr. Lefebvre?—A. No. I do not know their motives at all.

Q. It strikes me as peculiar that they would do such a thing unless they were impoverished?—A. I really do not know. I have never done any business with them.

Mr. WHITE: Therefore, they are not impoverished?

WITNESS: Thank you, Mr. White.

*By the Chairman:*

Q. They have given up an apparent profit of \$50,000?—A. Of course, the profit was not apparent in 1928, Mr. Chairman.

Q. Well, it was impending; let us put it that way?—A. That was a year and a half away.

*By Mr. Jacobs:*

Q. The Credit General is the trustee?—A. I believe it is the Trust Company for the Banque Nationale. It is the same as the Royal Trust Company.

*By the Chairman:*

Q. You do not know why they relinquished their right and gave it to Mr. Lefebvre?—A. No, sir, I do not.

Q. Mr. Lefebvre, at any rate, paid the \$100?—A. Yes.

Q. Was it Mr. Lefebvre's own cheque that paid it?—A. My recollection is that it was. I would not like to give evidence that it was. I did not personally handle all the cheques, but I imagine that it was.

*By Mr. White:*

Q. He was the shareholder of those shares at the dissolution?—A. I think he had sold his shares at the time Mr. Jones sold his. Yes, he sold his shares to Mr. Sweezey on the 1st of October, 1929.

*By the Chairman:*

Q. Was the 1st of October, 1929, the date when the deal was made—when Mr. Jones disappeared?—A. I think Mr. Sweezey took some of the shares at an earlier date. I can give you that. It was covered by a personal agreement between Sweezey and Jones as to the dates of delivery and payment, and Mr. Jones tried to suit Mr. Sweezey's convenience in the matter. On the 24th of July, 1929, I find Mr. Sweezey took delivery of some shares on the 19th of August, and he took delivery of the shares on the 1st of October, 1929.

Q. Have you there handy the total amount that Mr. Sweezey bought from Mr. Jones?—A. It would appear to be 3,900—not all from Mr. Jones, but a considerable number of people with him.

Q. That is all that Mr. Sweezey brought from or through Mr. Jones?—A. Yes, that is correct.

Q. At what price per unit were they paid?—A. I can only give you, in a sense, hearsay knowledge of that?

Q. You have nothing in your books?—A. There is nothing in my books to give evidence on. I know what it was. I was present when they made the arrangement. There is no evidence I can give from my accounts.

*By Hon. Mr. Mackenzie:*

Q. You know what it was?—A. Yes.

*By Mr. White:*

Q. What was it?—A. It was \$550 part interest.

Q. How many units did Mr. Jones transfer at that time?—A. It appears to be 3,900, although that may be incorrect. Mr. Sweezey can, in due course, give you the exact number he bought.

*By Mr. Stewart:*

Q. Do I understand you to say that that included the 1,600?—A. That included all of Mr. Jones' shares as well as those who gave him proxies, and the total on my records which Mr. Sweezey acquired at that time was 3,900.

*By Mr. White:*

Q. That would be \$2,145,000?—A. We can work it out. That is probably right.

Q. I was going to ask for the number— —A. No, I am wrong. This is more like 6,900 units.

Mr. LENNOX: That would agree with Mr. Jones.

*By Mr. White:*

Q. How many of those did Mr. Jones himself own at that time?—A. I will have to turn up to Mr. Jones. This record here does not—it is not apparent. Mr. Jones himself shows here as having had 1,400.

Q. How many?—A. 1,400. No, it shows as having delivered 3,400.

*By Mr. Lennox:*

Q. Who had that?—A. Mr. Jones.

Q. Of his own?—A. Of his own.

The CHAIRMAN: That must be wrong, because Mr. Jones showed us all of the books, oh, the books must be wrong. Mr. Jones could not do that.

Mr. WHITE: We want to get at the facts if we can.

*By Mr. Lennox:*

Q. If that is true, then Mr. Jones got twice as much money as he says he did?—A. I think his evidence was consistent. He had 800 part interests which became 1,600, which became 3,200. My evidence here is that he had 3,400, and he may have had some transactions—

Q. 3,400 at five fifty— —A. Would be one million seven hundred thousand.

Q. Say a million. He says he got a million.

The CHAIRMAN: That shows \$700,000 added, but that is not much between friends.

*By Mr. White:*

Q. According to your books he received \$1,780,000, and his profit upon that would be that less \$190,000. And that is \$1,680,000.

Mr. LENNOX: Anyway, the total amount that he paid was \$190,000 cash.

Mr. MONTGOMERY: Yes, but he held himself personally liable as well.

The WITNESS: He had 3,200 part-interests.

*By Mr. White:*

Q. 3,200.—A. Yes.

Q. And not 3,400.—A. Not 3,400. Nevertheless, it shows 3,400. I will just try and check this up. There were a great many transactions as between members of the syndicate one way and the other.

Q. Well, he told us he put in \$190,000 in cash.—A. Yes.

Q. Now, that would mean that he, according to you, was the owner of 3,200 shares.—A. That is right.

Q. For which you say he got \$550 a share.—A. \$550.

Mr. LENNOX: Will you repeat the question, Mr. White.

*By Mr. White:*

Q. According to you, if he paid in as he said \$190,000 he received therefor 3,200 part-interests which he sold for \$550 per part-interest.—A. That is correct.

*By the Chairman:*

Q. Therefore, he should have received \$1,760,000.—A. That is correct.

Mr. LENNOX: And he swore he received \$1,000,000 or less.

The CHAIRMAN: The 800 finally became 3,200. Mr. Jones will have to explain that.

Mr. WHITE: Would the committee direct that when Mr. Jones returns he be asked to bring whatever books he has which will contain any entries of those transactions.

Hon. Mr. MACKENZIE: He said he had none.

Mr. WHITE: He said he had no books.

The WITNESS: I think I should advise the committee that Mr. Jones asked me if I would give him a memorandum of what he had done, because it happened so many years ago. I was not able to give him that.



*By the Chairman:*

Q. When did this happen.—A. In 1929.

Q. A man with even very large affairs would not entirely miss three-quarters of a million dollars in two years.—A. I did not give him any memorandum, and he was speaking from memory.

HON. MR. MACKENZIE: I think we should clear that matter up at once, Mr. Chairman.

The CHAIRMAN: Oh, absolutely.

Mr. WHITE: I make the profit at that figure of 3,200 shares to be \$1,570,000.

The CHAIRMAN: That is \$1,760,000 less \$190,000. The profit will be \$1,670,000 to Jones.

Mr. WHITE: \$1,570,000.

The CHAIRMAN: Yes, \$1,570,000.

Mr. LENNOX: That is, placing it at 3,200 shares.

Mr. WHITE: Yes.

Mr. LENNOX: If the books are correct he had 3,400.

The CHAIRMAN: That is, the accumulation—I put it that way—of the 800 shares he had originally went to 1,600 and then to 3,200. That was sold to Mr. Swezey at \$550 a share, and the aggregate would be \$1,760,000 from which he had to subtract \$190,000, which would leave \$1,570,000 instead of \$980,000 as Mr. Jones testified to yesterday.

Mr. WHITE: No, \$980,000 less \$190,000.

The CHAIRMAN: I have taken the \$190,000 off the \$1,760,000.

Mr. LENNOX: That just shows the frailty of our memories.

Mr. WHITE: If anybody wants to give me a million and a half dollars I will promise to remember it as long as I live.

Mr. STEWART: He claimed he got a total of \$980,000 and he had an investment of \$190,000, so he had a clear profit of \$790,000, whereas you make it \$1,570,000.

Mr. MONTGOMERY: As a matter of fact, I know Mr. Jones was holding part-interests for other people.

The CHAIRMAN: As far as the 800 shares were concerned he distinctly swore that those were his shares.

The WITNESS: At some stage, in some syndicate, he became the holder of shares for someone else.

Mr. JACOBS: Let us have Mr. Jones here and clear the thing up. It is only just to Mr. Jones and just to ourselves. We are spending a lot of time which can be usefully utilized along some other line.

The CHAIRMAN: Yes, let us get along, Mr. White.

Mr. WHITE: Then a meeting on the 3rd of July:

The President reported that options had been secured on a substantial amount of land at Beauharnois, and it was expected further options would be secured during the next month. For this purpose a provision of further funds would become necessary by the middle of July.

It was accordingly moved, seconded and unanimously resolved that a call of a further 10% of the amount subscribed for the Syndicate Part-Interests offered on the 18th of April, 1928, is hereby made and will become due and payable on the 17th of July, and that the Secretary be instructed to send out notices to that effect.

On the 23rd of July at a meeting on that date subscriptions were received from the Eastern Trust Co. for 100 part-interests and from Henry Newman for 10 part-interests:

The Secretary then submitted applications for permission to transfer Part-Interests in the Syndicate and on motion duly seconded it was unanimously resolved that the following applications be granted, and permission be and it is hereby given to make the following transfers—

**From—To—Part-Interests**

Robert W. Steele, Dominion Securities Corporation Ltd., Toronto, 500; Beauharnois Syndicate, Frank P. Jones, 1,600; Beauharnois Syndicate, L. Clare Moyer, 1,600; Robert O. Sweezey, A. L. Caron, 300; Robert O. Sweezey, A. L. Caron, 100; Robert O. Sweezey, A. L. Caron, 100; A. L. Caron, Hanson Bros. Inc., 100; Robert O. Sweezey, A. L. Caron, 300; Francis Giddens, Col. J. Welsford Macdonald, 50; F. Stuart Molson, Charles E. Frosst, 10; F. Stuart Molson, Equity Securities, Corp., 5; F. Stuart Molson, Alexander Hutchison, 5; Robert O. Sweezey, James A. Richardson, 40; Robert O. Sweezey, Angus W. Hodgson, 50; A. L. Caron, The Royal Trust Co., 100.

*By the Chairman:*

Q. Who was A. L. Caron.—A. He is a business man in Montreal who was associated with and a friend of Sweezey at the time this was organized.

Mr. WHITE: These transfers were authorized.

Then there is a resolution:

On motion duly seconded it was unanimously resolved that Robert Oliver Sweezey and Hugh Bradford Griffith be and they are hereby authorized and instructed on behalf of the Beauharnois Power Syndicate and of the Board of Syndicate Managers thereto to sign and execute (in as many counterparts as in their opinion may be convenient) an assignment and transfer of fifty per cent (50%) of the total amount subscribed by each and every subscriber to Part-Interests in the Beauharnois Power Syndicate, that transfer and assignment to be in the following form, or to the like effect.

That transfer was from the Syndicate to Dominion Securities Corporation, and to Newman-Sweezey & Co., Ltd., and Frank P. Jones and, I suppose, was for the purpose of securing guarantees of that half million dollars to the Bank of Montreal.

The WITNESS: Yes, it was an assignment subject to the prior rights of the Bank of Montreal—

*By Mr. White:*

Q. 50% was assigned to the Bank of Montreal.—A. No, Mr. White. It was a secondary assignment of the same 50% that had been assigned and only would become effective if the guarantors were called upon to pay the balance.

Q. And that was to secure them.—A. Yes, sir.

Mr. WHITE: And in that same Minute there is a list of shareholders appended, as was in the other agreement which I mentioned a while ago in connection with the assignment to the Bank of Montreal:

There was then submitted to the meeting the resignation of Miss Hilda Knight as Syndicate Manager. This was accepted, and on motion duly seconded it was unanimously resolved that Mr. Frank P. Jones be elected as Syndicate Manager.

Then on the 12th of September:

The Secretary then reported that options had been secured on approximately 11,000 acres of land, at an average price of \$122 per acre, and that \$135,056, had been expended on this account.

He further reported that the survey undertaken at Beauharnois had been completed, and that he had given instructions for the materials which remained to be stored in the office at Beauharnois, and that they be protected by insurance against fire and theft.

The Auditors' report, dated August 31, 1928, was presented to the meeting, together with a statement showing the current cash balance in the bank of \$8,649. It was accordingly moved, seconded, and unanimously resolved to call up a further 10 per cent of the amount subscribed for the Syndicate Part-Interests offered on the 18th of April, 1928, is hereby made and will become due and payable on the 1st of October, 1928, and the Secretary is instructed to send out notices to that effect.

*By Mr. White:*

Q. By the way, have we that auditors' report, is it available?—A. I imagine so. All the records are available, Mr. White.

Q. I would like to have that. When can I have it and where?—A. I imagine Mr. King has it now. I know he has had all our reports and records.

Q. I do not want to fall between two stools.—A. What was the date of the balance sheet referred to?

Q. August 31, 1928.—A. We will have that for you, Mr. White.

Mr. WHITE: Continuing from this Minute of the 12th of September:—

The Secretary reported that the President, Mr. R. O. Sweezey, had suggested that an Interim Report of the activities of the Syndicate be sent to the members of the Syndicate, and the Secretary submitted a draft report which had been approved by the President.

On motion duly seconded it was unanimously resolved that the draft report, as submitted, be approved and the Secretary was instructed to have same printed and sent to the members.

Then on the 18th of October, meeting of the Board of Syndicate Managers of the Beauharnois Power Syndicate:—

There was submitted to the Meeting an application for permission to transfer 3,200 Part-Interests in the Syndicate from L. C. Moyer to John P. Ebbs, and on motion duly seconded it was unanimously resolved that the said application be granted, and permission be and it is hereby given to make the said transfer.

*By Mr. White:*

Q. Can you tell us anything about that, Mr. Griffith?—A. I do not know that there is anything to tell, Mr. White.

Q. There must be some kind of story behind it.—A. Mr. Ebbs is a partner in the firm of McGiverin, Haydon & Ebbs, and Mr. Moyer is a solicitor in Ottawa, and for reasons of which I am not aware, Mr. Moyer transferred his holdings to Mr. Ebbs.

Q. Well, was it not in pursuance of some sort of arrangement with the Syndicate Managers in reference to the holdings in the Syndicate?—A. The Syndicate Managers did not have the disposition of Mr. Moyer's holdings.

Q. Obviously. Were you as a Syndicate Manager consulted about it?—A. We were consulted, all the Managers were consulted.

Q. And were the reasons for the transfer explained to you?—A. Why, the reason for the change and transfer, as explained to me as a Syndicate Manager, was that the beneficial ownership of the shares held by Moyer was changed in some respect and that they should be registered in the name of Ebbs.

Q. Let us get the matter straight. Do you mean to say you cannot tell us what that change of beneficial ownership was?—A. I would rather not give



what is hearsay evidence as far as I myself am concerned. I think I know, but I have no evidence about it at all.

Mr. JACOBS: Mr. Moyer is here and Mr. Ebbs is here. All Mr. Griffith can say is what they told him and that certainly is not evidence.

The CHAIRMAN: What Mr. Moyer told him would be evidence.

Mr. JACOBS: I think not.

Mr. WHITE: We will not press it unless you think so, Mr. Chairman. I thought we could get the story shortly from Mr. Griffith. He has a succinct way of putting things. However, we will do it the other way:—

There was then submitted to the meeting the resignation of Mr. L. C. Moyer, as Syndicate Manager. This was accepted, and on motion duly seconded it was unanimously resolved that Mr. John P. Ebbs be elected as a Syndicate Manager.

On the 11th of December, 1928:—

There was submitted to the meeting an application for one thousand Part-Interests at the price of \$100 per Part-Interest, from Mr. Oscar Dufresne, and on motion duly seconded it was unanimously resolved that this subscription be and it is hereby accepted, and that one thousand Part-Interests in this Syndicate be allotted accordingly; and that thirty per cent of the amount payable thereon be called forthwith, and the balance be payable from time to time as the Syndicate Managers may decide, and the Secretary was instructed to make notification of the allotment and the terms thereof.

Hon. Mr. MACKENZIE: What date, Mr. White?

Mr. WHITE: 11th December, 1928. Then on the 14th December, 1928:

There was submitted to the meeting an application for One Thousand Part-Interests at the price of \$100 per Part-Interest from Mr. Hugh B. Griffith, together with a cheque for One Thousand Dollars (\$1,000) on account of this subscription.

And that was allotted.

*By Mr. White:*

Q. Was that on your own account, Mr. Griffith?—A. No it was not, Mr. White.

Q. Who was it for?—A. A Mr. Simard.

Q. What is his first name?—A. Joseph.

*By the Chairman:*

Q. Is he a contractor in Montreal?—A. I think his home is in Sorel.

*By Mr. White:*

Q. Why did he not make the application himself?—A. I think he was prepared to. I do not know that this is a reflection on Mr. Simard, but you will note there was only \$1 per share paid.

*By the Chairman:*

Q. How many units was that for?—A. 1,000 part-interests.

Q. And they went to you for Simard.—A. I held them for Simard.

Q. At what price?—A. \$100 each.

Q. He paid you back, or did you pay for them?—A. I paid for them. I made the initial payment, which Mr. Simard refunded to me, and subsequent payments were made by Mr. Simard to me. It was an ordinary transaction for

which I gave him a statement of contract acknowledging that I held those in my name for his account.

*By Mr. White:*

Q. I do not quite agree that it was an ordinary transaction.—A. Well, let me say it is a customary transaction in corporate circles.

*By the Chairman:*

Q. Was there any profit in it for you?—A. Not a cent.

Q. That is not a customary transaction.—A. Sometimes it is, Mr. Gordon.

Q. I do not follow that. Was he an old friend of yours?—A. I have known him for some time.

Q. How much money did that involve?—A. \$100,000.

Q. How much did you pay on his account before he started to pay you back?—A. \$1,000.

Q. And you assumed a liability for \$99,000?—A. I did, yes.

Q. Surely, Mr. Griffith, there must have been some prompting impulse that suggested you should do that.

MR. JACOBS: He was making something on the stock of this company and getting money into the treasury.

THE WITNESS: I did not regard the liability as being a serious liability from my point of view. I would have been glad to own the shares myself if the syndicate had permitted me to own them. We could have sold more shares than we had at that time available for sale.

*By Mr. White:*

Q. Why was Mr. Simard personally selected for this honour?—A. Because of his position and experience both in the electrical business and construction business.

Q. And nothing else?—A. Nothing else that I am aware of.

*By the Chairman:*

Q. Did you look to Mr. Simard to give you some assistance in the construction business in connection with the project?—A. Yes, we did. Mr. Simard is in the dredging business. He is very familiar with the dredging business. He owns several suction dredges and he had engineers inspecting our work for quite a considerable period.

Q. He has had large contracts from the Dominion Government on the St. Lawrence?—A. I think he obtained some subsequent to this time. I have no knowledge of his dredging contracts.

*By Mr. White:*

Q. Do you know whether these shares were for Mr. Simard himself or was he obtaining them for someone else?—A. My belief is they were for Mr. Simard.

Q. He will be able to tell us about that?—A. Right.

*By the Chairman:*

Q. Simard and Dufresne were practically in the same position?—A. I think so.

Q. Did you take up Dufresne's in the same way?—A. No, Dufresne took his own up and paid for them.

Q. They were both dredging contractors on the St. Lawrence amongst their other activities?—A. I do not know what he does in the dredging line. I know he is a contractor and a builder.

Mr. WHITE: Then the Minutes proceed:

The Chairman informed the meeting that Sterling Industrial Corporation Limited had filed with the Department of Public Works at Ottawa an application for approval of plans similar to those filed by the Beauharnois Light, Heat & Power Co. and that such application by the Sterling Industrial Corporation Limited had been filed previous to that of the Beauharnois Light, Heat and Power Company.

I have sent for the file. We have the file of the Department of Railways and Canals and Mr. Morin has looked it over, and that application was forwarded to the Department by Messrs. McGiverin, Haydon & Ebbs, on the 5th July, 1924. It was addressed to the Hon. George P. Graham, Minister of Railways and Canals:

We are enclosing on behalf of Sterling Industrial Corporation Limited, an application for diversion of water from Lake St. Francis and otherwise as the application shows.

The application is signed by the Secretary of the Company, whose address is 19 Elgin Street, Ottawa.

We will be pleased to furnish such other information as may be deemed necessary.

And the application is dated the 5th of July, 1924, addressed to the Hon. George P. Graham as Minister of Railways and Canals, and says:

On behalf of the Sterling Industrial Corporation Limited I desire to request your favourable consideration and approval, so far as the interests of your Department are concerned, of the following application.

(1) To divert an amount of water not exceeding 30,000 cubic feet per second from Lake St. Francis, subject to the construction of the necessary remedial works.

(2) To enter into an agreement with your Department under which the Corporation will either:

(a) Construct between Lake St. Francis and Lake St. Louis a power canal of such design that same may be used later for navigation purposes, if so desired, by the addition of works necessary solely for navigation purposes.

(b) Or a canal which will provide at once for navigation, as well as power purposes.

This agreement to contain such terms and conditions in regard to the above as may be mutually agreed to.

(3) To approve of accompanying plans of the above project or such modifications thereof as may be mutually agreed to.

The accompanying plans and description of the project have been prepared by Mr. J. B. McRae, Consulting Engineer, Ottawa.

STERLING INDUSTRIAL CORPORATION, LIMITED,

Per Lyla Brennan, *Secretary*.

It might be interesting to look at the plan accompanying this application, which has a strangely familiar look.

Mr. JACOBS: It is funny how two canals look alike, Mr. White.

Mr. WHITE: Yes. Its width on the bottom is 450 feet. It has a 30-foot depth, and the slopes appear to be about 3 to 1.

The CHAIRMAN: Before you go any further could you inform the committee who was behind this application?

Mr. WHITE: What was the width of the top then between the banks.

Mr. MONTGOMERY: Mr. Henry can explain all that to you.



Mr. WHITE: 570 feet. And the entrance from Hungry Bay is in the alternative, one alternative being somewhat to the northeast of Grosse Point quite near to the entrance to the Cedars Rapid, the other one being very much in the location of the present canal as it is now, and the power house being located somewhat southeast of Melocheville.

This application is signed by Lyla Brennan, and there is the acknowledgment of that application from the Department of Railways and Canals and apparently a report signed by Mr. McLachlan. It is quite a long report.

The CHAIRMAN: Shortly, was this application made by the Sterling Industrial Corporation, for the rights asked for, considered by the then Government.

Mr. WHITE: It was considered by the Minister because, on December 17, 1924, there is a letter addressed to Messrs. McGiverin, Haydon & Ebbs, I assume from the Minister, certainly from the Department—in which it says:—

This matter has been thoroughly gone into and the Department considers it would be very inadvisable to grant any concession of canal or water powers between Lake Ontario and Montreal before a final report is made by the Deep Waterways Joint Engineering Board and before the National Committee has decided on questions of policy.

The CHAIRMAN: Apparently then that application stopped at that, for the time being at any rate. I trust it was not another barrier towards the consummation of the present scheme.

Mr. WHITE: On July 9, 1924, it appears that a letter is written to Messrs. McGiverin, Haydon & Ebbs, to the effect that the application has been submitted to the Chief Engineer of the Department. Mr. McLachlan's report may be interesting, but I will endeavour to peruse it in secret.

Then on March 7, 1928, there appears in this file this memorandum for the Chief Engineer:—

Mr. Cahan, M.P., gives notice of the following motion:

For a copy of all applications which have been made for licences, permits, or any other form of authorization by the Government, or any Department thereof, for permission to divert the waters of Lake St. Francis by a canal or canals, and to discharge such waters so diverted into Lake St. Louis for the purpose of thereby producing or generating hydro-electric energy, with copies of the reports thereon by the engineers or other experts of any department of the Government, and also a copy of all departmental reports, orders in council, documents and correspondence relating thereto, with a copy, so far as available, for all general maps or plans of such proposed diversions of waters and of the hydro-electric works proposed to be constructed in connection therewith.

Mr. JACOBS: What is the date of that.

Mr. WHITE: March 7th, 1928. Then Mr. Dubuc, who was the Chief Engineer, makes the return, and an Order of the House made on the 20th of March, 1928.

Hon. Mr. MACKENZIE: Are all those particulars you have given us in the return.

Mr. WHITE: It says:—

Herewith copies in duplicate of documents called for by Mr. Cahan in an Order of the House, as follows:—

1. Application, etc., of the Sterling Industrial Corporation, Ltd., of July 5th, 1924.

2. Application, etc., of the Beauharnois Light, Heat & Power Co., of March 17th, 1927.

3. Application, etc., of the Beauharnois Light, Heat & Power Co., of January 18th, 1928.

The CHAIRMAN: That file had better be marked as Exhibit No. 61.

Mr. WHITE: The Public Works file is of a similar nature, and contains a letter of the 7th of July. I take it to be identical with the other, only addressed to Hon. Dr. King, who was Minister of Public Works, and a letter to Messrs. McGiverin, Haydon and Ebbs, which seems to be also identical except that it is dated two days later. And then a letter from Mr. Desjardins, Assistant Secretary of the Department of Public Works to Messrs. McGiverin, Haydon and Ebbs, dated July 11th, 1924:—

I am directed to acknowledge the receipt of your letter of the 7th inst., addressed to the Minister enclosing on behalf of the Sterling Industrial Corporation Limited, an application for the approval of the proposed hydro electric power development scheme situated on the St. Lawrence River between Lake St. Louis and Lake St. Francis.

This application comes under the Navigable Waters Protection Act, and the applicants will have to comply with the provisions of this Act.

I send you herewith copy of our memorandum explaining the procedure to be allowed in this connection. You will please note that the plan and description have not been deposited with the Registrar; the application has not been advertised; and no evidence has been submitted to show that the Company has the right to use the site of the proposed works.

I return you herewith the tracing so that the Registrar's certificate may be appended thereto.

Will you please state if this Company has been incorporated under an Act of Parliament, and if so, under what Act.

And then Mr. Cameron, the Chief Engineer, writes to Mr. Dansereau, enclosing the file, and Mr. Dansereau returns it.

That is all that appears to be in that file except the plan which, I assume, is identical with the other.

The CHAIRMAN: That will be Exhibit No. 62.

Mr. WHITE: Then I have a return from Mr. Mulvey, Under Secretary of State, dated July 8th, 1931. Those Letters Patent are dated the 5th of July, 1924, the same date as the letter to the Minister of Railways & Canals, and recorded on the 15th of July in the same year, and they incorporate the Honourable Andrew Haydon and John Parsons Ebbs, Barristers-at-law, Mary Hilda Kelly, Belle Fraser and Lyla Brennan, stenographers, Lyla Brennan being the person who signed the application, all of the city of Ottawa, under the name of Sterling Industrial Corporation Limited, the objects and rights and powers being:—

(EXHIBIT NO. 63)

- (a) 1. To carry on the business of an electric light, heat and power company in all its branches to construct, acquire, maintain, operate, use and manage works, machinery and appliances for the production of electricity, electric, pneumatic, hydraulic or any kind of power or energy or to lease or otherwise acquire such power and to accumulate generate transmit and distribute electricity and electric, pneumatic, hydraulic and any kind of power and energy for light, heat, power or any purpose for which electricity or electric or any kind of power or energy can be used, provided, however, that any sale, distribution or transmission of electric, hydraulic or other power or force shall be subject to local and municipal regulations in that behalf;

2. To carry on the business of electrical, mechanical, hydraulic and civil engineers and contractors, and any business in which the application of electricity or any other power is or may be useful or convenient;

- (b) To provide, purchase, lease or otherwise acquire, and to construct, lay down, erect, establish, operate, maintain and carry out all necessary



works, stations, engines, machinery, plant, cables, wires, lines, generators, accumulators, lamps, meters, transformers, apparatus, appurtenances and appliances connected with the generation, accumulation, distribution, transmission, supply, sale, use and employment of electricity, and to generate, accumulate, transmit, distribute, supply and sell electricity for the purposes of electric heating, lighting, traction and motive power, and for industrial and other purposes, and to undertake and to enter into contracts and agreements for the lighting of cities, towns, streets, buildings, and other places, and for the supply of electric light, heat and motive power for any or all public or private purposes.

- (c) To make, build, construct, erect, lay down, maintain and operate reservoirs, waterworks, cisterns, dams, canals, tunnels, culverts, flumes, conduits, main and other pipes and appliances, and to execute and do all other works and things necessary or convenient for obtaining, storing, selling, delivering, measuring and distributing water for the creation, maintenance and development of hydraulic, electric or other mechanical power, or for any other purpose of the company;
- (d) To construct, improve, work, maintain, manage, carry out or control, and to purchase, lease or otherwise acquire and to hold, use, sell, lease or otherwise dispose of any lands, works, mains, machinery or any roads, ways, bridges, reservoirs, watercourses, wharves, manufactories, warehouses, electrical works, shops, stores and other works and conveniences which may seem capable of being used or operated in connection with any part of the company's undertaking for the time being, or calculated directly or indirectly to benefit the company, and to equip, maintain and operate by electric, hydraulic or other mechanical power all works belonging to the company, or in which the company may be interested, and to contribute to, subsidize or otherwise assist or to take part in the construction, improvement, maintenance, working, management, carrying out or control thereof;
- (e) To construct, maintain and operate lines of wires, poles, tunnels, conduits and other works, and to conduct, store, buy, sell, contract for, dispose of and distribute any and all such power, and with such lines, wires, poles, conduits or other conductors or devices to conduct, convey, furnish or receive such electricity or other power or energy to and from any company or companies, person or persons; provided, however, that the company shall not enter upon any street, highway or other public place for the purpose of placing thereon any of its plant, works or material used in the transmission or distribution of electric, hydraulic, pneumatic or other power and shall not erect or place on, under or across any such street, highway or other public place, any such plant, works, or materials unless with the consent of the municipality having control of such street, highway or other public place;
- (f) To construct, acquire and operate lines of telegraph or telephone or other means of communication on lands owned or controlled by the company and for the purposes of the company only;
- (g) For the purposes of the company to carry on the business of general contractors for and builders of works, public and private;
- (h) To promote, organize, develop or manage or to assist in the promotion, organization, development or management of any corporation, company, syndicate, enterprise or undertaking, capable of being conveniently carried on in connection with the business of the company and to raise and assist in raising money for and to aid by way of bonus, loan, promise, endorsement, guarantee of bonds, debentures or other securities or otherwise any such company or corporation and



to offer for public subscription any shares, stocks, bonds, debentures or other securities of any company or corporation, business or undertaking and for that purpose to appoint and remunerate any directors, accountants or other experts or agents;

- (i) To purchase, take in exchange or in payment or otherwise acquire, hold or own, and whilst holding the same, to exercise all the rights and privileges of holders and owners thereof, and to sell with or without guarantee and deal in the shares, bonds, debentures or other securities of any other company or companies having purposes or objects altogether or in part similar to those of this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company, and to establish, promote or otherwise assist any such other company or companies;
- (j) To acquire by purchase, lease, exchange or other legal title and to sell and otherwise deal in the property, undertaking and business of any commercial, manufacturing or other trading corporation and of any firm, partnership or individual, having objects similar in whole or in part to those of the company, for the purpose of promoting and organizing companies to carry on the same and to manage, operate and carry on business, property and undertaking so acquired by the company and to assume the liabilities thereof;
- (k) To aid in any manner any corporation, association, firm or person in which or in whom the company may be interested or with which or with whom it may have business relations and to do any other act or thing for the preservation, protection, improvement or enhancement in value of any stock, bonds or other obligations or evidence of indebtedness of any such corporation, association, firm or person, including in particular the guaranteeing or assuming the payment of dividends upon the stock or the principal of or interest on or both, any notes, bonds, or other obligations and the performance of any contract by any such corporation, association, firm or person;
- (l) To purchase, acquire and take over as a going concern or otherwise, and to carry on all or any part of the property or business of any person, firm or corporation possessed of property which can be used for any of the purposes of this company or for carrying on any business which this company is authorized to carry on, and as the consideration or in furtherance of any of the foregoing in whole or in part thereof to pay or receive cash or to give in exchange shares of the capital stock, bonds or other obligations of this company, and in connection with any such transaction to undertake and assume any obligation or liability whatsoever relating to the business or property so acquired;
- (m) to apply for, obtain, register, purchase, lease or otherwise acquire, and to hold, own, use, develop, operate, introduce, exercise, grant licence in respect of or otherwise turn to account, and to sell, assign or otherwise dispose of, in whole or in part, any and all franchises, patents, patent rights, trade marks, trade-names, copyrights, and distinctive marks, formulae, secret or other processes, inventions, improvements, concessions and the like, conferring any exclusive or non-exclusive or limited right, and with a view to the working and development of the same to carry on any business which the company may think calculated directly or indirectly to effectuate these objects;
- (n) to purchase or otherwise acquire, and to hold, own, maintain, work, develop, sell, lease, exchange, hire, convey, or otherwise dispose of and deal in, either absolutely or conditionally and either solely or jointly with others, lands and leaseholds, and any interest, estate or rights in real

property, without limit as to amount or location, and shares of stock, bonds, debentures or other evidence of indebtedness, of corporations or associations owning or operating the same, including buildings, machinery, factories and plants upon such terms and in such manner as may be deemed advisable, and also all personal property, necessary or incidental to the carrying out of the purposes of this company;

- (o) to purchase or otherwise acquire any merchandise for cargo and to carry and convey the same to any part of the world, and to sell or otherwise dispose of the same in such manner and upon such terms as may be expedient;
- (p) to cause or allow the legal title, estate or interest in any property, whether real or personal, acquired, established or operated by this company, to remain or be vested or registered in the name of or operated by any person, firm or foreign or domestic corporation or association formed or to be formed, and either upon trust for, or as agents or nominees of this company, or upon any other terms or conditions which the company may consider proper, and, so far as pertinent to the property and purpose of the company, to manage the affairs or take over and carry on the business of any foreign or domestic corporation or association either by acquiring the shares, stocks or any securities thereof, or otherwise howsoever;
- (q) to enter into any agreement or arrangement for sharing profits, union of interests, reciprocal concessions or co-operation with any person, company or association, formed or to be formed, carrying on or about to carry on any business which this company is authorized to carry on, or any business or transaction necessary or incidental to the carrying out of the purpose of this company;
- (r) to sell, lease, develop, dispose of or otherwise deal with the undertaking of all or any part of the property of the company upon any terms, with power to accept as the consideration any shares, stocks or obligations of or interest in any other company;
- (s) to issue and allot as fully paid-up stock of the company hereby incorporated in payment or part payment of any business, franchise, undertaking, property, rights, powers, privileges, lease, licence, contract, stock, bonds, and debentures or other property or rights which it may lawfully acquire by virtue of the powers herein granted;
- (t) to enter into any arrangement with any government or authority, supreme, municipal, local or otherwise, and to obtain from any such government or authority any rights, concessions or privileges, which may seem conducive to the company's objects or any of them;
- (u) to remunerate, either in cash or stock fully paid up or in other securities of the company, any company, firm, association, syndicate, or individual for expenses incurred and, with the approval of the shareholders, for services rendered or to be rendered to the company in placing or assisting to place or guaranteeing the placing of any of the shares of the company's capital, or any bonds, debentures or other securities of the company, or in or about the organization, formation or promotion of the company or the conduct of its business;
- (v) to carry out all or any of the foregoing objects as principals or agents or in partnership or in conjunction with any other person, firm, association or company;
- (w) to carry on and undertake any other business which may from time to time seem to the company capable of being conveniently carried on in connection with the foregoing objects and powers or calculated directly or indirectly to render valuable or enhance the value of any of the company's privileges, rights or property;



(x) to distribute among the shareholders of the company in kind, any property of the company, and in particular any shares, bonds, debentures or other securities in other companies belonging to the company or of which the company may have power to dispose.

The operations of the company to be carried on throughout the Dominion of Canada and elsewhere.

The place within the Dominion of Canada which is to be the chief place of business of the said company is the city of Ottawa, in the province of Ontario.

The capital stock of the said company shall consist of five hundred (500) shares without nominal or par value, subject to the increase of such capital stock under the provisions of the said Act and amending Acts, provided, that the company shall carry on business with a capital of two thousand five hundred (\$2,500) dollars and further provided that the said shares shall be issued and allotted at such times and for such consideration as may be fixed and determined by the Board of Directors as they may deem proper in their own absolute discretion.

And it is hereby ordained and declared that the company shall be deemed to be a private company under the provisions of the Companies Act and its amendments, with the following restrictions, viz.:—

1. The Directors may refuse to register any transfer of shares.
2. The number of shareholders of the company shall be limited to fifty.
3. The company shall have no right to issue any invitations to the public to subscribe for any shares or debentures of the company.

That the said Honourable Andrew Haydon, John Parsons Ebbs and Lyla Brennan are to be the first or provisional directors of the said company.

Provided Always that nothing in these presents expressed or contained shall be taken to authorize the construction and working of railways, or of telegraph or telephone lines, the business of banking, the issue of paper money, the business of insurance, the business of a loan company, or the business of a trust company, by the said company.

Given under my hand and seal of office, at Ottawa this Fifth day of July, 1924.

A. B. COPP,

*Secretary of State of Canada.*

The CHAIRMAN: Is that a certified copy of the Dominion Charter of the Sterling Industrial Company.

Mr. WHITE: Yes.

The CHAIRMAN: That will go in as Exhibit 63. What is the date of the incorporation.

Mr. WHITE: The 5th of July, 1924.

The CHAIRMAN: And what is the date of the application for this diversion.

Mr. WHITE: The 5th of July, 1924.

The CHAIRMAN: The same date as the incorporation.

Mr. WHITE: The same date as the letters of incorporation. Of course, we have in mind that probably this Charter was not issued until the date of its recording which was the 15th of July; but ordinarily you find out from the department the date upon which the Letters Patent will be dated and you commence business as of that date.

The CHAIRMAN: Yes.



Mr. WHITE: This Minute then goes on:—I am speaking of the Minute of the 14th of December, 1928:—

He further informed the meeting that an opportunity had presented itself to acquire all the issued shares of the Sterling Industrial Corporation Limited upon the terms and conditions hereinafter mentioned, which would give the acquirer control of all the assets and undertaking of the Sterling Industrial Corporation Limited, including its rights under and arising out of the said application.

On motion duly seconded it was unanimously resolved:

That this Syndicate enter into an agreement with John P. Ebbs to the effect that provided the application of Beauharnois Light Heat & Power Company to the Dominion Government for approval of its plans and site be granted on or before the 20th day of February, 1929, this Syndicate will allot and issue Two thousand (2,000) of its Part-Interests as fully paid and non-assessable to the said Ebbs and/or his nominees and the said Ebbs will deliver to this Syndicate and/or its nominees as consideration for such Part-Interests all the issued shares of Sterling Industrial Corporation Limited, the certificates for the said issued shares of Sterling Industrial Corporation Limited to be placed in escrow with a trustee, to be held by such trustee and disposed of in accordance with such agreement, and that Two thousand (2,000) Part-Interests of this Syndicate be and they are hereby allotted for the purposes of such agreement and the Marquette Investment Corporation is hereby authorized upon the said Ebbs and/or his nominees becoming entitled to the issue and delivery of the said Two Thousand (2,000) Part-Interests of this Syndicate, to issue the said Part-Interests and certificates for the same to the said Ebbs and/or his nominees, and that the President and Secretary Treasurer of this Syndicate be and they are authorized and instructed to enter into such agreement as may be necessary to carry out the terms and provisions of this resolution, and that a copy of such agreement, together with a certified copy of this resolution be delivered to the Marquette Investment Corporation, the Depositary and Transfer Agent of the Syndicate.

There was then submitted to the meeting a draft agreement providing for dealing with the manner in which the Syndicate should dispose of its assets.

Mr. LENNOX: Ebbs, according to that, was to get 2,000 Part-Interests in that Syndicate which were worth \$550 a piece.

Mr. WHITE: According to the price which Mr. Jones received.

Mr. LENNOX: He was to get \$1,100,000. Now, what was he giving.

Mr. WHITE: The stock in a company with 500 shares whose capital was limited to \$2,500.

Mr. LENNOX: What interest did that company have in the Beauharnois.

Mr. WHITE: They had an application which had been filed on the 5th of July, 1924 and which in the fall of that year had been refused.

Mr. JACOBS: Refused.

Mr. WHITE: Well, in the terms of the letter which I read.

Mr. JACOBS: They had a prior claim.

Mr. WHITE: I wonder.

Hon. Mr. MACKENZIE: A prior application.

Mr. JACOBS: They had the application there which Mr. Mackenzie suggests was prior.

The CHAIRMAN: It looks, of course, on the face of it unusual. This deal might never have gone through.

Mr. WHITE: It did go through.

The WITNESS: There was an extension of time granted under the agreement.

The CHAIRMAN: And this deal actually went through?

The WITNESS: 2,000 part-interests were issued.

*By the Chairman:*

Q. Which would amount to, if sold at the same price as Jones got, \$1,100,000, and what you got in return was the entire shares of the Sterling Industrial Corporation.—A. That is right, sir. We did not, of course, value those at \$1,000,000. I think I should make that clear.

*By Mr. White:*

Q. What in the world did you pay \$1,000,000 for.—A. We did not pay \$1,000,000. We paid \$200,000.

Q. Oh, well.—A. We issued shares for which we could have received \$200,000.

Q. And for which the holders of the shares received \$150 each, and how many shares?

The CHAIRMAN: 40 shares.

The WITNESS: At a subsequent date.

*By Mr. White:*

Q. What they actually received was 2,000 shares.—A. \$300,000.

Q. More than that, \$300,000 in cash.—A. \$300,000 in cash.

Q. And.—A. And 80,000 common shares.

Q. 80,000 shares at \$5 a share would be \$400,000, which is \$700,000. If you put it at \$10 a share, why it is twice that.—A. Well, we could put it at \$60.

Q. I understand that one gentleman is very strongly of the opinion that these shares are worth \$60 a piece.—A. I hope he is right.

Q. And I am going to have him here.—A. Well, as I say, I hope he is right.

*By Mr. Lennox:*

Q. What was the reason for issuing them direct to Ebbs instead of to the Sterling Industrial Corporation.—A. Ebbs was acting for the shareholders of the Sterling Industrial Corporation.

*By the Chairman:*

Q. And the shareholders consisted of.—A. I do not know who the shareholders were. I did not inquire from Ebbs. I have some knowledge received since then that I think I should offer.

*By Mr. White:*

Q. You don't think you should have?—A. Which I think I should.

The CHAIRMAN: If you think you should, let us have it.—A. I think I should say I have since learned that Mr. Henry was associated with Sterling.

Mr. JACOBS: He said so yesterday.—A. I was not here yesterday when he was giving his evidence.

The CHAIRMAN: That is just about the time that Mr. Henry was associated with McDougald?

Mr. WHITE: 1924, yes.

*By the Chairman:*

Q. What assets did you get from the Sterling Corporation?—A. We had what—

Q. I think the members of the committee have had more or less experience in the incorporation of companies, and things of that character, having to do with the assets of companies that sometimes spring up and mean nothing. What did you get as assets?—A. In the shape of tangibles, I must admit, I do not think we got anything. However, there are engineering records and the plans—I have already filed plans—

*By Mr. White:*

Q. Which you did not use.—A. Of ground that we had been over ourselves already.

*By the Chairman:*

Q. Which you did not require.—A. We did not require.

*By Mr. Jacobs:*

Q. It prevented competition?—A. Absolutely. We became controllers of that enterprise, and any claim of priority which they may have had on the record, ceased to exist. We regarded them as being an obstacle to a speedy conclusion of our enterprise; it was much better for us to absorb them than to fight them.

Mr. JACOBS: Yes.—A. I think I should explain the particular reason why the resolution was drawn in the form in which it was. The original proposal which was submitted to me by Mr. Swezey was, that we would acquire the shares of the sterling company and issue forthwith 2,000 part interest—

Mr. WHITE: Mr. Griffith—

Mr. MONTGOMERY: Let him finish his answer, Mr. White. You interrupted him.

Mr. WHITE: I am sorry.—A. I was just pointing out, that the original proposal was, we would issue part interest in our syndicate for the Sterling shares, and I took some exception to that, because I said we are getting some good will, some intangibles in removing obstruction, but we are not getting assets in the shape of cash or real estate, or tangibles which might be divided among the members of our syndicate, so that if our plan falls, if our plans are not approved and we have to wind this syndicate up, we do not want to dilute our syndicate part interests in this other 2,000 who are going to apply, why not put the money into the Beauharnois syndicate, and that was the reason for the issue to the trustee instead of making a direct issue with sterling.

*By the Chairman:*

Q. The issue of 2,000 part interest to the Sterling Industrial was contingent upon your application being approved?—A. Being approved, because then we would have an asset—

Q. I can very well see that it was to get rid of an obstruction.—A. Correct.

Q. You were not getting any tangible asset?—A. That is true, sir.

Q. You were, by taking this chance, getting away from a barrier or obstruction, and enlisting the sympathy of those who were promoting the Sterling Industrial Corporation?—A. That is quite right.



*By Mr. Jacobs:*

Q. In other words, the Sterling had become a nuisance?—A. We had, through our solicitors in Ottawa, made enquiries in the Department, some time before, as to what rivals we might have, who might be opposed to this, and we had knowledge of the Sterling some time before this transaction was entered into, obtained from the copies of the files—

*By Mr. White:*

Q. This is not the whole story, is it? As a matter of fact, Messrs. McGiverin, Haydon and Ebbs at the conclusion of their transaction became your solicitors and applied for your incorporation.—A. I think that McGiverin, Haydon and Ebbs had been our solicitors before this transaction.

Mr. JACOBS: That is a way lawyers have, Mr. White.

The WITNESS: I can ascertain the date on which we first obtained the services of McGiverin, Haydon and Ebbs.

Mr. WHITE: I wish you would.

The CHAIRMAN: Mr. Griffith, this Sterling Industrial Corporation is listed at \$2,500; was that the authorized capital?

Mr. LENNOX: Yes.

The CHAIRMAN: Surely, you did not take that company seriously. It was not set up in a way which would attack a problem of this character, obviously.—A. We did not think it was as well organized as our own, Mr. Gordon. At the same time, we felt that we were justified in taking that number of part interests to acquire that company.

Q. To get over the opposition of whom. What opposition did you have to get over?—A. Why of course, opposition came from all quarters.

Q. I beg your pardon?—A. Opposition came from all quarters; I do not think I can specify what opposition.

Q. Then, you obtained a large sum of money as represented by these units. That is what you obtained the large sum of money for, as represented by these units.—A. Well, we were advised, and I might say the decision of these matters didn't rest entirely with me.

Q. I know, but there was so much difference in the companies.—A. We were advised that here was a company that had made an application, which was nearly identical with ours, and which was prior to ours—

Q. Was there not a vast difference between your company and this one? With all the criticism that may be levelled at your company, at least this can be said of it, that you were going ahead, assuming very large obligations and seriously attacking the problem of developing this canal, and your expenditures were running into huge sums of money. Now, surely there is a vast difference between that operation and this obsolete barren company that was merely incorporated one day and filed application the same day, with a capital of \$2,500, to carry on a work of such magnitude—A. I agree with you.

Q. Who were you trying to enlist to help you by taking over the Sterling Industrial?—A. I am afraid I cannot say that in the frank spirit you would like it, because I just don't know. It was a kind of—it was an influence that was there that had to be removed.

Mr. JACOBS: Was there an actual influence?

The CHAIRMAN: No. An intangible something.—A. It was intangible.

Q. That you cannot identify?—A. That is right, sir.

*By Mr. White:*

Q. Whose influence did you enlist?—A. We enlisted Mr. Henry's influence, eventually. That was the point of contact I had with him. The first time we

ever met him was subsequently to that. I won't say we enlisted his influence. That reached the association—

Q. That is what you did say.

*By Mr. Lennox:*

Q. He was not ostensibly—he had no influence in the Sterling?—A. No. It was ostensibly McGiverin, Haydon and Ebbs.

*By Mr. White:*

Q. As I said, this was the same firm of solicitors who applied for and obtained the charter of the Beauharnois Power Corporation.—A. That is correct.

Q. From the Secretary of State of Canada?—A. That is correct.

*By Mr. Lennox:*

Q. As a matter of fact, this 2,000 part interest in the syndicate obtained for you the capital stock of the Sterling Industrial corporation?—A. Yes.

*By the Chairman:*

Q. How many shares were issued and allotted in the Sterling Industrial Corporation?—A. My recollection is they had never organized, other than the incorporators' share.

*By Mr. White:*

Q. When you say that, as a matter of fact there were five shares.—A. Either 5 or 7.

*By the Chairman:*

Q. Probably 5 shares at \$1 each, or no par value.—A. Yes; and we got that, and I believe the stock book and correspondence, most of which you already have.

Q. Two or three letters?—A. Engineering reports and plans.

Q. Which you never used?—A. Which we never used.

*By Mr. Stewart:*

Q. These shares would not form part of the 6,900 which Mr. Jones sold?—A. No, they did not.

*By the Chairman:*

Q. These are probably out of the last ten thousand, were they not?—A. They were, as a matter of fact. That brings the total issued capital up to 25,000 part interests.

Q. Was the whole 30,000 issued?—A. No, 25,000.

Q. This brought it up to 25,000?—A. Yes, sir.

*By Mr. White:*

Q. As a matter of fact, who conducted the negotiations in regard to this deal, the Sterling deal, on behalf of the syndicate?—A. I would say Mr. Sweezy and I did.

Q. Who conducted the negotiations on behalf of Mr. Sweezy,—on behalf of the Sterling corporation with Mr. Sweezy?—A. Mr. Ebbs.

Q. Then, on page 81 of the minutes, the agreement between Newman, Sweezy and Company and Dominion Securities Corporation, Ltd.—

Mr. STEWART: What date?

Mr. WHITE: The date on the agreement is the blank day of blank, 1928, and is an agreement between Newman, Sweezy and Company, and Dominion

Securities Corporation Limited, hereinafter called the bankers, parties of the first part, and the Beauharnois Power Syndicate, and the Marquette Investment Corporation, hereinafter called the syndicate.

Witnesseth as follows:

1. The Syndicate in consideration of the special services rendered to the syndicate by the bankers and further in consideration also of the undertakings of the bankers hereinafter contained, hereby covenants and agrees with the bankers that the rights and interests of the Syndicate in the following agreements, namely:—

- (i) An agreement between W. H. Robert and others and R. O. Sweezey dated 3rd February, 1927, a copy whereof is hereto annexed marked "a."
- (ii) An agreement between W. H. Robert and others and the said R. O. Sweezey and National Trust Company Limited dated 3rd February, 1927, a copy whereof is hereto annexed marked "b."
- (iii) An agreement between the said R. O. Sweezey and Marquette Investment Corporation dated 12th May, 1927, a copy whereof is hereto annexed marked "c" and
- (iv) An agreement between the Beauharnois Syndicate and the Beauharnois Power Syndicate dated 4th April, 1928, a copy whereof is hereto annexed marked "d";

and in and to all the assets and rights covered by the said agreements and all other assets of the syndicate shall forthwith upon the Beauharnois Light, Heat and Power Company having received approval of its plans by competent authority be transferred directly or indirectly:—

- (a) To a company hereinafter for brevity referred to as "company x" which said company shall have as one class of its shares a special class consisting of one hundred (100) shares of a par value of One Hundred dollars (\$100) each."

I do not believe it is profitable for me to read the whole of this, because the financial structure was subsequently changed. I am correct in that, Mr. Griffith?  
—A. That is right, Mr. White.

The Secretary reported to the meeting that one of the syndicate members, namely Colonel J. Welsford McDonald, of Pictou, N.S., who had subscribed for fifty part interests in the syndicate, failed to complete payment for the same in accordance with his subscription and that the amount of four thousand dollars (\$4,000) was still owing thereon.

And the shares were forfeited. Mr. Sweezey subscribed for 40 shares in addition to what was allotted to him. On the 5th March, 1929, applications were received from a number of persons, a large number of Newman, Sweezey and company, and as a result, transfers were permitted. There is nothing particularly in there, except Mr. Caron is transferring again, and Newman, Sweezey and Company Limited are transferring to certain individuals, and a call of 20 per cent was made on the 21st of March, 1929. Applications for permission to transfer were also made, from various syndicate members, including two from Mr. Griffith of 50 shares each to F. W. Molson. That is all fully paid interests, and partly paid. The Royal Trust Company transferred to A. L. Caron, 100, and A. L. Caron transferred to A. O. Dawson, 50; and these were authorized, and then there is this resolution:

On motion duly seconded it was unanimously resolved that the officers of this syndicate be and they are hereby authorized to execute an agreement with John P. Ebbs, confirming a verbal arrangement made by them on February 15th, 1929, with the said Ebbs, extending the date



within which the Syndicate might acquire the capital shares of the Sterling Industrial Corporation Limited to April 30th, 1929.

The CHAIRMAN: That is what Mr. Griffith told us a moment ago about extending the agreement.—A. Yes.

*By Mr. White:*

Then, on the 3rd of July, 1929, transfers were authorized of 100 shares from R. O. Swezey to Joseph R. Paull, the Eastern Trust Company in trust, to estate G. H. Murray, Eastern Trust Company in trust to Hon. W. G. Mitchell, 50 shares; and 50 shares from the Hon. W. G. Mitchell to Newman, Swezey and Company, Ltd.

The CHAIRMAN: Is W. G. Mitchell in the original list?

Mr. WHITE: No. This is the first time he appears. Then there are 500 shares transferred from Frank P. Jones to the Hon. W. G. Mitchell.

The CHAIRMAN: What date is that?

Mr. WHITE: The third of July, 1929.

Mr. MONTGOMERY: That probably accounts for some of the 3,200.

Mr. WHITE:

The President presented to the meeting a letter of 3rd July, 1929, from Marquette Investment Corporation referring to the agreement of 18th December, 1928, between Beauharnois Power Syndicate and John P. Ebbs, and the resolution of the Board of syndicate managers dated March 21st, 1929, relating thereto and asking for instructions from the syndicate in connection therewith.

On motion duly seconded it was resolved that the Marquette Investment Corporation be instructed that as the Dominion Government has agreed to the request to divert forty thousand cubic feet of water per second for power purposes, in accordance with the application of the Beauharnois Light, Heat and Power Company, two thousand (2,000) part interests of the syndicate be issued and delivered to the said John P. Ebbs and that the shares of the Sterling Industrial Corporation be received in exchange for the said part interests to be held by Marquette Investment Corporation for the account and benefit of the syndicate.

After some discussion as to the manner in which the syndicate was to dispose of its assets, the meeting was adjourned to be reconvened at the call of the president.

Q. Did Mr. Ebbs hold these shares until the dissolution of the syndicate? —A. He did, Mr. White.

*By the Chairman:*

Q. What shares do you mean, the 2,000?—A. The 2,000.

Q. Mr. Griffith, pursuant to the agreement just referred to, were there issued capital stock, or were there issued shares of the Sterling Industrial Corporation in fact transferred to syndicate No. 2?—A. Oh, yes, they were. They were, in fact. In fact the share certificates properly endorsed in blank were delivered to me.

Q. Five certificates?—A. Yes.

*By Mr. White:*

Q. And at what price? At what value did you set them up in the syndicate books?—A. \$200,000.

Q. And in what account?—A. Well, I will have to have a balance sheet to trust my memory.

Q. I suggest to you it was the property rights and interests?—A. Not in the syndicate balance sheet; I think it just appears Sterling Industrial Corporation, \$200,000. I will have to look at the balance sheet to make sure of that.

Q. We will get the balance sheet.

Mr. STEWART: What day was that last meeting?

Hon. Mr. MACKENZIE: The third of July.

Mr. WHITE: 1929. As a matter of fact, after these five valuable documents, being the share certificates of the Sterling Investment Corporation, had been transferred to the name of the syndicate or to the name of anybody there—are they not still with the Marquette Company, lying there endorsed in blank?—A. Still lying there endorsed in blank, but with the secretary of the Beauharnois Power Corporation.

Q. Never have been transferred on the books of the Sterling Company?—

A. No. I might say—

Q. So far as the books of the Sterling Company go, to-day those five original incorporators still appear to be the shareholders of that company?—A. That is correct.

Q. At the meeting of the 9th July, 1929, it was the feeling of the meeting that it was expedient that the steps contemplated by the above agreement, which is the agreement between Newman Sweezey and Company, Ltd. and the Dominion Securities Corporation, the whole of which you will remember I did not read, because of the change,

it was the feeling of the meeting that it was expedient that the steps contemplated by the above agreement should be carried out, and inasmuch as it was reported to the meeting that the syndicate managers had been relieved of their undertaking to have the agreement ratified by the syndicate, and that Newman, Sweezey and Company, Ltd., and the Dominion Securities Corporation Ltd. had agreed to the cancellation of the agreement, it was moved and seconded and resolved, that the proper officers of the syndicate take all necessary steps to effect the cancellation of the agreement dated 18th December, 1928, between Newman, Sweezey and Company Limited, and the Dominion Securities Corporation, Limited, of the first part, and this syndicate of the second part to all intents and purposes and to the same extent as if the same had never been made.

That was carried unanimously.

A full discussion took place as to a plan for disposing of the undertaking and assets of the syndicate and the distribution thereof among syndicate members. Mr. F. P. Jones stated to the meeting that he was not in favour of having the plan dealt with at the present time, but felt that consideration of it and resolution embodying it should be dealt with at a later meeting. Mr. Jones verbally tendered his resignation from the position of syndicate manager and retired from the meeting. That is what he told us happened on the 9th of July.

After discussion on motion duly seconded it was resolved:

1. That the undertaking and assets of the syndicate (except any unpaid balances and any uncalled balances for which syndicate members may be liable to the syndicate in respect to the part-interests of the syndicate held by them respectively) be transferred to the company to be incorporated under the laws of the Dominion of Canada with the name "Beauharnois Power Corporation, Limited," or such similar or other name as can be procured hereinafter referred to as the "New Company").

2. That the New Company shall have an unauthorized capital stock consisting of—

(a) 5. Management Preferred Shares without any nominal or par value, the holders of which shall have the exclusive right for the period of ten

years from the date of the Letters Patent incorporating the New Company to elect and remove directors of the New Company, and the holder of each management preferred share shall otherwise have the same rights in respect thereof as if he were the holder of a common share. At the end of the said period of ten years, the management preferred shares shall automatically be converted into common shares. That such management preferred shares shall be subscribed for by or on behalf of Newman, Sweezy and Company Limited and the Dominion Securities Corporation Limited at one dollar (\$1.00) per share.

Mr. JACOBS: This is the voice of Jacob, but the hand is the hand of Esau. Are these ordinary clauses, Mr. White, or is there anything extraordinary about that?

Mr. WHITE: It depends upon what amount of experience one has had in company organization. I may say in regard to the small experience that I have had, the handling of the right to elect directors to holders of 5 one dollar shares in a company of this size, appears to me to be quite unusual.

The CHAIRMAN: Having regard to the magnitude of the project, is it not justifiable, to have continuity of management that these men be elected for ten years?

Mr. WHITE: In an election, they have the right to elect the directors for a period of ten years because they were underwriting shares and taking the responsibility. I think there is nothing wrong about it. It is something unusual in my experience, that is all I am saying.

The CHAIRMAN: In fairness to those—

Mr. WHITE: In the experience of other lawyers, it may be quite usual.

Mr. MONTGOMERY: It is quite a common thing. That was the experience in connection with the Asbestos Corporation.

The CHAIRMAN: The Asbestos Corporation fell on hard times, lately.

Mr. WHITE: It is coming back.

Mr. MONTGOMERY: We hope so.

The CHAIRMAN: I quite believe in having a continuity of management in projects of considerable importance. Mr. Jacobs agrees with me.

Mr. JACOBS: I agree with everything the chairman says, which I consider right.

The WITNESS: The period was reduced from twenty to ten years, the object being to cover the construction period.

Mr. WHITE: I was simply reading into the record, as I thought it my duty, the corporate structure of the Power Corporation.

Mr. JACOBS: Do you consider it of any value?

Mr. WHITE: We want to know what the capital of the company was.

The CHAIRMAN: That would be better on the record, I think.

Mr. JACOBS: Do you consider it of any value?

Mr. WHITE: We want to know, I assume, what the capital of the company was.

The CHAIRMAN: Yes, that would be better on the record, Mr. Jacobs, I think. We have not had it yet on the record.

Mr. WHITE: It is in the file but has not yet been put in the printed record.

2. That the new company shall have an authorized capital stock consisting of—

(a) 5 Management Preferred Shares without any nominal or par value, the holders of which shall have the exclusive right for the period of ten years from the date of the letters patent incorporat-



ing the new company to elect and remove directors of the new company, and the holder of each Management Preferred Share shall otherwise have the same rights in respect thereof as if he were the holder of a common share. At the end of the said period of ten years, the Management Preferred Shares shall automatically be converted into common shares. That such Management Preferred Shares shall be subscribed for by or on behalf of Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited at one dollar (\$1) per share.

(b) 4,999,995 common shares without nominal or par value.

3. That the new company shall have all such appropriate powers as may be necessary for purpose of enabling it properly to carry on the undertaking transferred to it by the syndicate.

4. That the consideration for the said transfer be—

That is the transfer of the syndicate assets to the Power Corporation.

The WITNESS: This was changed later.

*By Mr. Stewart:*

Q. That has been changed?—A. I think that is the only change in that one respect, that the two classes of shares were created instead of one.

Q. That is Class A and Class B?—A. Yes, I think that is the only important change.

Mr. WHITE: It does not affect this particular matter which is dealt with by this particular agreement. We have to get it as it appears here. There is no place where it is set out in one place. The other thing comes in later.

Mr. JACOBS: Should it not go on the record?

Mr. WHITE: This particular thing now is the agreement between the syndicate and the company by which the assets of the company were transferred to the syndicate—

The CHAIRMAN: Whereby the assets of the syndicate were transferred to the company,—it is the other way.

Mr. WHITE: I am sorry but I mis-spoke. The consideration for the transfer was:

- (a) the sum of \$4,750,000 in lawful money of Canada payable at the time and upon the conditions hereinafter mentioned, and
- (b) the assumption by the new company of all the liabilities and obligations of the syndicate, and
- (c) the undertaking by the new company to defray the expenses (to an amount to be agreed upon) of the winding up of the affairs of the syndicate and the distribution of its assets among its members.

5. That the said sum of \$4,750,000 shall be payable upon the transfer of the said assets and undertaking to the new company.

6. That the said transfer shall be made and the said consideration given upon the following conditions having been complied with not later than November 1, 1929, or such later date as may be agreed upon between the new company and the syndicate,—

provided

- (i) That the necessary approval has been obtained under the Water Course Act of the province of Quebec of the plans of the Beauharnois Light, Heat and Power Company;
- (ii) That the agreement between the Dominion of Canada and the province of Quebec required by Clause 24 of the order in council of the Dominion of Canada dated March 8, 1929, respecting the Beauharnois Light, Heat and Power Company has been executed.

- (iii) That the requisite authorization has been secured from the Quebec Public Service Commission.
- (iv) That the syndicate and/or the new company have acquired the ownership or control of all the outstanding shares of Beauharnois Light, Heat and Power Company, free from all liens, charges or encumbrances.

7. That if the conditions set out in paragraph 6 hereof are not fulfilled within the time therein provided, the agreement between the syndicate and the company hereinafter provided to be made for the purpose of giving effect to the provisions of this resolution, be and become of no force and effect.

8. That the syndicate do subscribe for and purchase one million common shares (1,000,000) of the new company at one dollar (\$1.00) per share payable at the time of delivery of the assets and undertaking of the syndicate to the new company.

9. That the transfer of the undertaking and assets of the syndicate to the new company shall be upon terms that no representations or warranty as to title to the assets or otherwise be made or given, the intention being that the syndicate transfer all its rights, title and interest to such undertaking and assets but without any warranty of any kind.

The CHAIRMAN: Will these minutes be written into the evidence in full?

Mr. WHITE: We can have them in full. I have been reading them pretty fully. Mr. Perry has asked me to let him have this document for to-night, and that is probably what he has in mind.

10. That such undertaking and assets as set out in paragraph 1 hereof be transferred by the syndicate on the understanding that the new company is to enter into an agreement with Newman, Sweezey & Company Limited and The Dominion Securities Corporation Limited respecting the subscription for and purchase by Newman, Sweezey & Company Limited and The Dominion Securities Corporation Limited of certain collateral trust bonds and common shares of the new company, and respecting an arrangement in regard to the purchase of certain first mortgage bonds of the Beauharnois Light, Heat and Power Company, the whole as covered by a further resolution to be passed at this meeting.

11. That the syndicate's solicitors be instructed to prepare an appropriate agreement for the purpose of giving effect to the provisions of this resolution, such agreement to contain such terms, provisions and conditions to carry out the intent of this resolution as may be approved by the President, the Vice-President and the Secretary-Treasurer of the syndicate, or by any two of them, and any two of them are hereby authorized to execute an agreement for such purpose and the approval above mentioned shall be conclusively established by the fact of such execution, provided, however, that such agreement shall have no force or effect unless and until ratified and approved by resolution passed at a general meeting of the members of the syndicate called and held for the purpose.

The President reported to the meeting that it was necessary that the operations of the syndicate should be continued pending the completion of the transfer of the undertaking and assets as set out in the next preceding resolution and payment for such undertaking and assets obtained by the syndicate. For such purpose it was estimated that an amount of \$600,000 would be required. It was also pointed out that it was advisable to have provisions made to acquire the absolute ownership of the outstanding shares of the Beauharnois Light, Heat and Power Company now held subject to an agreement with William H. Robert

and others. Messers. Newman, Sweezey & Company Limited and The Dominion Securities Corporation Limited had indicated that they were prepared to advance to the syndicate and/or to the new company mentioned in the preceding resolution the necessary funds for such purposes on certain conditions.

On motion duly seconded, it was resolved:

1. That arrangements be made with Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited (hereinafter referred to as "the Bankers") for the advance by them to the syndicate and/or to a new company to be incorporated under the laws of the Dominion of Canada to which it is proposed that the assets of the syndicate be transferred (the said company being hereinafter referred as the "New Company") of—

(a) An amount or amounts aggregating not more than \$600,000, such amounts to be advanced by the bankers from time to time as required by the borrower, which advances may take the form of a bank loan or loans, the repayment of which is guaranteed by the bankers;

(b) Such amount not exceeding \$1,400,000 as may be necessary to enable the syndicate or the new company as the case may be to procure the absolute title to the outstanding shares of Beauharnois Light, Heat and Power Company free and clear of all charges and encumbrances, this advance of \$1,400,000 to be made upon the following conditions having been complied with not later than November 1, 1929, or such later date as may be agreed upon between the bankers and the syndicate or the new company, as the case may be:—

(i) That the necessary approval has been obtained under the Water Course Act of the Province of Quebec of the plans of the Beauharnois Light, Heat and Power Company;

(ii) That the agreement between the Dominion of Canada and the Province of Quebec required by clause 24 of the order in council of the Dominion of Canada dated March 8, 1929, respecting the Beauharnois Light, Heat and Power Company has been executed;

(iii) That the requisite authorization has been secured from the Quebec Public Service Commission.

2. If the said advances made to the syndicate amount to more than \$1,000,000 such advances shall be secured upon the assets of the syndicate, subject to the prior security held by the Bank of Montreal for an amount of \$500,000 and interest, which security attaches upon unpaid calls and/or uncalled balances payable in respect of Part-Interests of the syndicate, and all advances made to the syndicate are to be upon the condition assented to by the creditors of such advances that neither the syndicate managers nor any other members of the syndicate as such shall be personally liable for the repayment of such advances. All such advances made to or assumed by the new company are to be secured by First Debentures of the new company constituting a First Floating Charge on all its assets and undertaking.

3. That the bankers agree as a term of making such advances that they will not demand repayment of the same prior to the time when they shall no longer be bound under the terms of the agreement hereinafter mentioned to purchase Collateral Trust Bonds of the new company as in such agreement provided. Provided, however, that the said advances shall be repaid from the first proceeds of the sale of the said Collateral Trust Bonds.

4. That such arrangement be made upon the understanding that the bankers will agree with the syndicate and with the new company that they will forthwith enter into an agreement with the new com-



pany respecting the subscription for and purchase by the bankers of certain Collateral Trust Bonds and Common shares of the new company and respecting an arrangement in regard to the purchase of certain First Mortgage Bonds of the Beauharnois Light, Heat and Power Company, the whole as covered by a further resolution to be passed at this meeting.

5. That such arrangement be made upon the understanding that the syndicate will agree with the bankers that it will forthwith enter into the agreement with the new company provided for in the next preceding resolution which agreement is to provide for the sale of the assets and undertaking of the syndicate to the new company and for the purchase by the syndicate of one million Common shares of the new company.

6. That the syndicate's solicitors be instructed to prepare an appropriate agreement between the syndicate and the bankers for the purpose of giving effect to the provisions of this resolution (to which the said proposed agreement, referred to in the next preceding resolution, between the syndicate and the new company, shall be annexed as a Schedule) such agreement between the syndicate and the bankers to contain such terms, provisions and conditions to carry out the intent of this resolution as may be approved by the President, the Vice-President and the Secretary-Treasurer, or any two of them, and any two of them are hereby authorized to execute an agreement for such purpose and the approval above mentioned shall be conclusively established by the fact of such execution, provided, however, that such agreement shall have no force or effect unless and until ratified and approved by resolution passed at a general meeting of the members of the syndicate called and held for the purpose.

Then on page 111:

The President stated that it was important in the interests of the syndicate to arrange that the company to which the assets and undertaking of the syndicate are to be transferred as previously provided at this meeting, should be in a position to meet its obligations to the syndicate and also to continue its operations and undertaking, and that accordingly it was important that arrangements should be made for the sale of bonds and shares of such company to furnish it with funds for such purposes.

After discussion, on motion duly seconded it was Resolved:

1. That the arrangement between Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited (hereinafter called "The Bankers") and the new company to be incorporated under the laws of the Dominion of Canada to which it is proposed that the assets and undertaking of the syndicate are to be transferred (hereinafter called the "New Company") which agreement is referred to in paragraph 10 of the 2nd resolution passed at this meeting, contain provisions to the following effect:

(a) That the new company create an issue of Thirty year 6 per cent Collateral Trust Sinking Fund Bonds to an authorized principal amount of \$30,000,000 which shall be secured by a first fixed and specific charge on all the outstanding shares of the Beauharnois Light Heat and Power Company and on all the outstanding shares of any other corporations to which they are transferred as nominees of the new company, any of the assets proposed to be transferred by the syndicate to the new company, and also by a first fixed and specific charge on 6 per cent Second Mortgage Bonds of the Beauharnois Light Heat and Power Company to an amount in par value equivalent to the par value of

the above mentioned Collateral Trust Bonds from time to time outstanding, and also by a first floating charge on the undertaking and all other assets of the new company.

*By Mr. White:*

Q. Now, Mr. Griffith, that provides, as I understand it, that this \$30,000,000 issue should be secured by and be upon the shares of the Beauharnois Light Heat and Power Company and the shares of any of the subsidiaries of the Beauharnois Power Corporation to which there have been transferred any of the assets of the syndicate?—A. That is correct.

Q. And also by the issue by the Beauharnois Light Heat and Power Company to an equivalent capital sum of 6 per cent Second Mortgage Bonds?—A. That is not correct. That has been changed in that respect.

Q. That feature was not carried out?—A. No.

Q. And that the actual bond issue which did take place was secured by a charge upon only the shares of the Beauharnois Light Heat and Power Company owned by the Power Corporation. A. No, it is a little bit more than that.

Q. And the shares of certain subsidiary companies?—A. And in addition to that it is also secured, as we will see by reference to the Trust Deed, when you reach that point, by evidence of the indebtedness by the Light Heat and Power Company to the Beauharnois Corporation. That evidence of indebtedness is by way of book debts and advances which the parent company has made to its subsidiaries, and that takes the place of the bond issue, which has taken place there; and we are advised by our counsel takes the place with equal security for the holders of our collateral Trust Bonds.

Q. I do not suppose that would be a matter for lawyers to determine?—A. Well, they spent a lot of time trying to determine it.

*By the Chairman:*

Q. What was the real reason for the change? It occurred to me that it might have been because of the difficulty which the Beauharnois Light Heat and Power Company encountered in the assignment of their tangible assets without somebody's approval?—A. No, it was not that; because we can and we have assigned our assets recently. At that particular moment we would have had a great deal of difficulty in getting notarial assignment, of all our real property. It consisted, as you have seen, of a great deal of property, and it had all recently been acquired; and the total situation was a good deal involved, and we had a good deal of legal work of that kind but after consideration by the bankers, and on the advice of counsel acting for both parties, the present plan was determined upon as giving equal security.

*By Mr. White:*

Q. As a matter of fact was not the present plan adopted, that is the plan of showing the bond issue upon the security of the shares and, as you say, on the evidence of indebtedness, so that at a later stage the Beauharnois Light Heat and Power Company could in turn create and issue a bond issue on its assets?—A. That is correct, although at the time that was still the intention,—the second one.

Q. If that had been done and this plan had been carried out and there had been a bond issue of the Beauharnois Light Heat and Power Company Limited, the subsequent bond issue would have been a junior security to that?—A. Well, I am not sure. Mr. Montgomery would know.

Mr. MONTGOMERY: They are referred to as Second Mortgage Bonds, Mr. White.

The WITNESS: That could easily have been met by making a blanket mortgage and holding it subject to that.

Mr. MONTGOMERY: They are obviously junior to something.

The WITNESS: I think that may be taken as a technical thing and not particularly of significance.

*By Mr. White:*

Q. I was wondering whether it was a technical one or whether it was one of finance rather than law.

*By the Chairman:*

Q. Did I understand you to say, Mr. Griffith, that it was the intention or that it might come to a review of the question of the Beauharnois Light Heat and Power Company making an issue of bonds or debentures on their assets?—

A. Whether it will come under review or not, I do not know; but we have at present a First Mortgage Bond issue on the assets of the Beauharnois Light Heat and Power Company, which is pledged as Collateral security for advances which have been made and are being made now to the Beauharnois Light Heat and Power Company to enable it to carry on its operations.

*By Mr. White:*

Q. What is the amount of that bond issue?—A. I believe it is \$20,000,000. It is in the form of an hypothecation and is not in a form for publication. That is the First Mortgage issue; and the conditions under which the First Mortgage Bonds may be issued are set out in the trust deed and are fully complied with in the circular describing the Trust Bonds.

*By the Chairman:*

Q. I was under the impression, rightly or wrongly, that there was something in the Order in Council 422 which prevented the Beauharnois Light, Heat and Power Company from assigning the rights granted in the order in council without the approval of the Governor in Council?—A. I may say that the rights have not been assigned.

Q. That is quite true, and that is why I asked you whether or not (referring to section 26) you were inspired to change the form of your bond issue—

Mr. FORSYTHE: P.C. 1081 amended P.C. 422 to provide the approval required and that such a charge shall not be deemed to be an assignment within the meaning of section 26.

The WITNESS: That is the usual phrase in the Quebec Orders in Council where they permit an assignment to trustees for payment of bond issues.

Mr. MONTGOMERY: P.C. 1081 was the Order in Council approving of the agreement executed between the Crown and the company.

The CHAIRMAN: The Crown in right of the Dominion?

Mr. MONTGOMERY: Yes.

Mr. FORSYTHE: I understand there is a similar provision in the Quebec Order in Council, that the assignment shall not be against the lease.

The WITNESS: There is a little difficulty in making an assignment, in the approval of plans. In the Quebec situation we have the water lots and other properties of the province which are leased to us, which we can register the assignment against.

*By Mr. Lennox:*

Q. I suppose if you had not the right to do it the banks would not have advanced you the money—they would have looked into it pretty carefully?—



A. The banks would rely upon their legal advisors. As to the creation of the bond issue, there is no question about that; that is very carefully watched at all times.

Q. A bank's solicitors would not allow a very large amount of money to get out without whatever was necessary?—A. I think we can take that for granted. My experience has been that they are very careful.

*By Mr. White:*

Q. This resolution proceeds as follows:—

The trust deed securing the said collateral trust bonds shall provide that the first fixed and specific charge on all the outstanding shares of Beauharnois Light, Heat and Power Company and other corporations as above provided shall not prevent the issue of bonds, debentures or securities by the said Beauharnois Light, Heat and Power Company or any of the said other companies and shall specify that the conditions of deposit permit the respective companies to create mortgages and issue securities.

Then clause (b) of this resolution, on page 113, provides:—

(b) That subject to such terms, provisions and conditions as may be agreed upon between the bankers and the new company, with the approval of the syndicate as hereinafter mentioned, the bankers shall agree to purchase from the new company \$30,000,000 par value of the said collateral trust bonds for the price of \$26,230,000 and accrued interest, and also to purchase 770,000 unissued common shares of the new company at the price of one dollar (\$1) per share. If the terms and conditions to be performed by the new company under the bankers' agreement shall not have been fulfilled and complied with and the bonds of the new company in interim form ready for delivery by the first day of November, 1929, the bankers shall be entitled at any time after such date to give the new company by notice in writing a delay of ten days within which to fulfil the conditions and make the said delivery, and if such conditions be not fulfilled and delivery made within the said ten days, the agreement between the bankers and the new company shall be of no further force and effect at the expiration of the delay.

That really makes \$27,000,000 for the bonds, the shares being really a bonus.

Then clause (c) provides for the method of compensation.

Clause (d) provides as follows:—

(d) That the new company will sell or cause to be sold to the bankers and the bankers will purchase from time to time at fair and reasonable prices, having regard to the circumstances existing at the time of such purchase, Forty-year First Mortgage Sinking Fund Bonds of the Beauharnois Light, Heat and Power Company up to an amount of \$40,000,000 par value in connection with the installation by that company of its first 350,000-h.p. development. It is also intended that further issues of securities of that company which are to be offered for public subscription shall be offered to the bankers at prices and on terms to be agreed upon. If no agreement be reached within three months from the date of such offer, no further obligation shall rest upon the new company with respect to such offer.

So at that time it was apparently contemplated that the Beauharnois Light, Heat and Power Company would create an issue of \$40,000,000.

The next resolution states that:

The President stated that it was advisable to authorize the incorporation of the new company referred to in the preceding resolutions.

Then a motion was passed to that effect.

Then a provision was made that upon receipt by the syndicate of the full consideration, namely: \$4,750,000 to be paid to it for the transfer of its assets and undertaking to a new company, and upon receipt by it of One Million (1,000,000) shares of Common stock of such new company to be subscribed for by it of One dollar (\$1.00) per share and after such provision as the syndicate managers may consider requisite or advisable for the debts, liabilities and expenses of the syndicate, the remaining assets of the syndicate be distributed among its members pro rata in accordance with their holdings of part-interest in the syndicate.

Then a motion was passed to that effect.

Then there was a resolution that the annual general meeting of the members of the syndicate be called for the purposes of receiving the reports of the Board of Syndicate Managers and of the auditors, of electing a Board of Syndicate Managers, of appointing auditors and transacting such other business as may properly come before the meeting and that such meeting be also called and held as a special general meeting of the members of the syndicate for the purpose of considering and if thought fit ratifying, approving, sanctioning and confirming these actions.

On the 10th July, 1929, the syndicate managers held a meeting and a draft agreement between the syndicate and the Beauharnois Construction Company was adopted. That agreement is dated the            day of            1929,—the day is not in here. This appears on page 123 of the minutes.

“The Beauharnois Power Syndicate, hereinafter and represented by” and so on, party of the First part; and “Beauharnois Construction Company” party of the Second part:

Whereas the syndicate has for some time past caused to be carried out at its expense extensive engineering work, investigations and research in connection with a proposed power development intended to be carried out in and about the County of Beauharnois and Lake St. Francis, the River St. Lawrence and Lake St. Louis with a view to developing the power resulting from the difference in level between Lake St. Francis and Lake St. Louis; and

Whereas the syndicate as a result has acquired and is now possessed of valuable information, plans, records, reports of surveys, data, programs and estimates, and other records and information, and certain equipment:

Now Therefore This Agreement Witnesseth: 1. The syndicate hereby sells, transfers and makes over to the company as the absolute owner thereof the benefit of all engineering work, investigations and research heretofore carried out by it or for it in connection with the said proposed power development, and all its right, title and interest in and to all the said valuable information, plans, records, reports of surveys, data, programs and estimates, and other records and information, and all equipment required by it in connection with or for the purposes of the proposed power development, including but without limiting the generality of the foregoing the equipment listed in Schedule “A” hereto and the plans, estimates and data set out in Schedule “B” hereto.

2. The present sale and transfer is thus made for and in consideration of the sum of \$500,000 paid by the company to the syndicate at or

before the execution hereof, the receipt whereof is hereby acknowledged by the syndicate.

And that is approved; and then it is resolved "That the syndicate do subscribe for 49,995 shares of the Capital Stock of Beauharnois Construction Company without nominal or par value at \$10 per share." In that way, practically, with the exception of the five shares, the \$500,000 which was paid in cash goes back into the Construction Company. In other words, the effect of it is that the plans which are mentioned here were turned over to the Construction Company for the total issued Capital Stock of the Construction Company.

Mr. JACOBS: What did you say was the Capital Stock of the Construction Company?

Mr. WHITE: \$500,000.

*By Mr. White:*

Q. That is correct, is it?—A. That is correct, yes.

Q. And then it was provided that the syndicate pay \$50 for the five qualifying shares.

Then it goes on to say:

That the president or the vice-president and the secretary-treasurer, or any two of them, be and they are hereby authorized for and on behalf of the syndicate to make advances by way of loan to the Beauharnois Construction Company to such amounts as they may consider necessary for the purposes of that company in the interests of the syndicate—

on such terms as they see fit. And I think large sums of money have been advanced to them?—A. Yes, that is so.

*By the Chairman:*

Q. There is no bond issue?—A. No, sir, and under the terms of the Collateral Trust Deed no bond may be placed in any subsidiaries—no, I must correct myself, and I must look that up. I believe bonds could be put on; but there are none on and there is no intention of putting any on.

Q. Is it correct that all the assets whatever they may be of all the subsidiary companies are owned by the Beauharnois Power Corporation?—A. That is right, sir.

*By Mr. White:*

Q. At a meeting of the Board of Syndicate Managers of Beauharnois Power Syndicate, held on the 26th July, 1929, a resolution was passed:

That the Beauharnois Power Syndicate do irrevocably consent and agree with and in favour of Frank P. Jones that any and all unpaid balances of subscription price of any of the Part-Interests of The Beauharnois Power Syndicate covered by the agreement of purchase and sale dated the twenty-sixth day of July, 1929, between the said Frank P. Jones and Robert Oliver Sweezey may be paid to the Bank of Montreal to which bank the same have been assigned, and that such payments shall be in full and final discharge of all the liability and indebtedness to the Syndicate of the subscribers for or holders of such Part-Interests . . . . .

that is, in the carrying out of the sale by Mr. Jones and his proxy associates of their interest in the syndicate.

Then at the meeting on the 26th July, 1929, of the syndicate managers, transfers were made from Dominion Securities Corporation of one share to John F. Lash; and from R. O. Sweezey to Angus W. Hodgson of 640 shares; and from F. P. Jones to Marlee Investment Corporation of 50 shares.



Then there is a resolution with regard to temporary advances by Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited to the syndicate, and a draft agreement was presented between the syndicate and Newman, Sweezey and Company Limited and The Dominion Securities Corporations for temporary advances.

On the 7th July, 1929, there was a special general meeting of the members of the Beauharnois Power Syndicate, at which 19,825 Part-Interests were represented.

The President then read the report of the Board of Syndicate Managers respecting the activities of the Syndicate for the year ended December 31, 1928.

I would like to get that report, if I may, Mr. Griffith.—A. If I have one I will get it for you.

Hon. Mr. MACKENZIE: What is that, Mr. White?

Mr. WHITE: The report of the Board of Syndicate Managers for the year ending December 31, 1928.

The report of the auditors for the same period apparently was read at the same meeting.

And then the resolutions and activities of the syndicate were approved, in respect to these agreements that we have been reading about. And the authorization of the subscription for a million shares of the new company was authorized, and Mr. F. P. Jones announced that he had retired from the syndicate and from the presidency of the Beauharnois Light, Heat and Power Company. And the syndicate managers were elected, Mr. R. O. Sweezey, Mr. R. W. Steele, Mr. H. B. Griffith, Mr. F. S. Molson and Mr. J. P. Ebbs.

On the 7th July, 1929, just the officers, Mr. Sweezey, president; Mr. Steele, vice-president, and Mr. Griffith, secretary and treasurer, were elected.

Then on the 6th September, 1929, there were transfers of Part-Interests authorized from Frank P. Jones to Robert O. Sweezey, 1,400; Credit Generale du Canada to Robert O. Sweezey, 1,600; Frank P. Jones to Vernon A. Smale, 100; Robert O. Sweezey to Mrs. Marie Smart, 25; Robert O. Sweezey to Newman, Sweezey and Company Limited, 3,000; and another 5 shares to them; Robert O. Sweezey to O. R. Sharp, 15; Colin W. Webster to National Bond and Share Co. Limited, 10; Ward C. Pitfield to W. C. Pitfield and Company, 150; L. G. Beaubien & Company Limited to certain other individuals, small lots, and so on. All this was authorized.

The financing is dealt with, I mean temporary advancing by loan from the Bank of Montreal and borrowing is authorized.

Mr. Sweezey submitted to the meeting an agreement made at the City of Montreal on the 18th July, 1929, between himself and W. H. Robert, S. M. Robert, J. A. Robert and E. A. Robert, relating to the Memorandum of Agreement made on the 3rd February, 1927, between William Henry Robert, Joseph Alfred Robert, Miss Sarah Mary Robert of the one part, and Robert Oliver Sweezey, of the other part, which agreement of the 18th July, 1929, contains certain modifications of the provisions contained in the agreement of the 3rd February, 1927, which agreement of the 3rd February, 1927, had been assigned by Mr. Sweezey to the Marquette Investment Corporation by an agreement of the 12th May, 1927, between Mr. Sweezey and that Corporation.

It was resolved, on motion duly seconded, that this syndicate hereby accepts and assents to and approves of said agreement of the 18th July, 1929, and to all intents and purposes and in so far as may be necessary or useful, ratifies and confirms such agreement.

I do not know what it is, and apparently the syndicate did not either.

On the 25th October, 1929, there were some transfers of Part-Interests in the syndicate authorized: Partly paid: Hugh B. Griffith to Wilfrid L. McDougald, 1,000.

Mr. JACOBS: What is the date of that?

Mr. WHITE: 25th October, 1929.

Oscar Dufresne to Wilfrid L. McDougald, 1,000 Part-Interests.

On the same date there is a transfer from Wilfrid L. McDougald to the Montreal Trust Company of 2,000 fully paid Part-Interests.

I should have said that the transfer of these partly paid Part-Interests from Mr. Griffith and Mr. Dufresne to Senator McDougald of the two thousand Part-Interests first mentioned were partly paid Part-Interests; and at the same meeting ratification of the transfer from Wilfrid L. McDougald to the Montreal Trust Company of 2,000 fully paid Part-Interests is authorized. It is not shown when, where or how McDougald obtained those.

The WITNESS: The books show, Mr. White, that he paid in cash the difference.

*By Mr. White:*

Q. What difference?—A. The unpaid portion.

Q. What happened then? You and Mr. Dufresne transferred to Senator McDougald 2,000 partly paid shares and he immediately had them re-transferred?—A. On the same day he paid the unpaid balance and made them into fully paid shares.

Q. And transferred them to the Montreal Trust Company?—A. That is correct.

*By the Chairman:*

Q. I was under the impression, Mr. Griffith, that you told me that you had carried the shares of Dufresne or the units of Dufresne and the units of Simard.—A. No, only the units of Simard, sir; and McDougald purchased from me, and they were Simard's units that he purchased, 1,000; and he purchased also 1,000 from Dufresne. On that date they had been fifty per cent paid up.

Q. I gathered from you, whether rightly or wrongly, that you had taken the subscription on behalf of Simard for 1,000 Part-Interests?—A. That is right, sir.

Q. Then I gathered from your evidence that you had carried the payments along and had received your money back from Simard, and that Simard had ultimately paid for them in full.—A. Oh, well, I may have given a false impression. I know that Simard did pay me all the money that I had put up, and that the shares ultimately became fully paid; I had not recalled the fact that it was by McDougald having paid fifty per cent. Simard through me, and Dufresne directly had paid the other fifty per cent from time to time. I may have given a wrong impression there. That had slipped my mind.

*By Mr. White:*

Q. Then as to partly paid Part-Interests, Robert O. Swezey transferred twenty shares to J. Charles Hope; and Adolphe L. Caron transferred to Versailles, Vidricaire and Boulais, Ltee, twenty-nine shares; and F. S. Molson, transferred to Newman, Swezey and Company, Limited, 170 shares. And of the fully paid-up shares, Frank P. Jones transferred to R. O. Swezey, 2,000; J. R. Lefebvre transferred to R. O. Swezey, 10,000; J. R. Lefebvre transferred to Vernon A. Smale, 600;—

*By the Chairman:*

Q. Lefebvre paid for his 1,000 in full, I suppose?—A. Yes, sir, he did.

Q. Do you remember was that his own cheque?—A. No, I do not recall that. I think I was asked that this morning. I could not be sure.

*By Mr. White:*

Q. Then John Stadler transferred to the Dominion Securities Corporation, 200. Who is Mr. Stadler, do you know?—A. He is an engineer in Montreal who has been very prominent in the pulp and paper business for a number of years.

Q. Then Wilfrid L. McDougald transferred to the Montreal Trust Company, 2,000 shares; Newman, Sweezey and Company Limited transferred also to the Montreal Trust Company, 6,000,—I suppose that is some private transaction of their own with which you are not concerned?—A. No, I was not.

Q. It was a private transaction of Mr. Sweezey's?—A. Yes, it is part of the transaction he made with Mr. Jones.

Q. Then Hon. W. G. Mitchell transfers to Hon. Donat Raymond, 350; and Mr. Mitchell transfers to Vernon A. Smale, 150; and Mr. R. T. Fulford transfers to Hon. Donat Raymond, 1 share; estate of G. H. Murray transfers to Mr. Vernon A. Smale, 50 shares. And there are several transfers by Mr. Sweezey, one to C. J. Hodgson and Company, 130; to Newman, Sweezey and Company, Limited, 20; John Stadler transferred to O'Brien and Williams, 100; Newman, Sweezey and Company transferred to the Dominion Securities Corporation, 100 shares; and F. S. Molson transferred to Newman, Sweezey and Company, 125 shares.

Then there is a borrowing resolution, and on the 4th December, 1929, a lot of transfers were authorized—

*By the Chairman:*

Q. Mr. Griffith, can you tell me if these transfers we are presently dealing with arose out of Mr. Jones' transaction with Mr. Sweezey?—A. Not all of them, Mr. Chairman; but the large ones which you have spoken of did. I think I might explain that after the meeting which took place in July, after the terms of the proposed arrangement between the syndicate and the new company had become public, Part-Interests, in the syndicate were dealt in fairly freely; and the syndicate managers adopted an attitude which was then well known, that they would permit transfers to and from anybody; in other words, the restriction which had applied in early days no longer applied; and there was a good deal of dealing over the counter between brokers and their customers; and that gave rise to a good deal of the transfers. The only exception is that from Jones to Sweezey and the Montreal Trust, which has been dealt with before.

*By Mr. White:*

Q. Then at the meeting on the 4th December, 1929, there was submitted to the meeting a statement of accounts of the syndicate as of the 31st day of October, 1929, and it was approved. Will you let me have that?—A. Yes, Mr. White.

Q. Then there is a provision for the payment of the syndicate managers, and a committee was appointed to fix the remuneration of the Marquette Investment Corporation, the committee being Mr. Steele and Mr. John P. Ebbs; and then it appears on page 157 that that is fixed at \$25,000 exclusive of disbursements.

Then provision is made for the carrying out of the agreement with the new company. Then this resolution was passed:

That for the purposes of the distribution of the assets of the syndicate among its members there be sent to each syndicate member by the President or a Vice President or the Secretary, a notice substantially in the following form or to like effect:



You appear on the books of the Beauharnois Power Syndicate as the holder of.....Part-Interests of that syndicate.

Steps are now being taken to effect the sale and transfer of the assets and undertakings of the syndicate to Beauharnois Power Corporation Limited and the other transactions authorized by the general meeting of the members of the syndicate held on the 27th day of July, 1929, including the distribution among the members of the syndicate of the assets resulting from these transactions.

When these transactions are completed, there will be available for distribution among the members of the syndicate \$150 in cash and 40 Class "A" Common Shares (without nominal or par value) of Beauharnois Power Corporation Limited in respect of each fully paid Part-Interest of the syndicate.

And then provision is made for the form which is enclosed.

The highest price paid would be \$100 per Part-Interest?—A. Yes.

Q. And what would have been the lowest?—A. \$100 a share.

Q. Mr. Jones did not pay \$100?—A. Well, in the syndicate.

*By the Chairman:*

Q. That is correct, is it not?—A. Yes, it is, Mr. Chairman.

Q. All the Part-Interests in the second syndicate were \$100 each?—A. That is right, sir, except the 10,000 that went to the first syndicate and the 2,000 that went to the Sterling.

Q. Just at this juncture, let us get that clear. Apart from the 10,000 and five shares that went to the first syndicate to replace at two for one the issued unit shares of the first syndicate, all the other share interests or part-interests issued by the second syndicate were actually paid for in cash per part-interest, with the exception of the 2,000 units which went to the Sterling Industrial Incorporation?—A. That is right, sir.

Q. Absolutely no other part-interests went to anybody for services rendered or accounts owing or anything of the kind?—A. They were all paid fully in cash.

Q. And that cash went into the treasury of Syndicate No. 2, as you call it?—A. Yes, sir, that is right.

Q. Just at this juncture might I ask another question, before you go on, Mr. White? When Mr. Jones and Mr. Sweezey came to their agreement, do you know whether it was reduced to writing or not when Jones sold to Sweezey?—A. I think it was, although I have never—

Q. Do you remember when Mr. Sweezey paid Jones off?—A. Yes, he paid him off at dates corresponding to the dates of transfer, which I think were July 18 and October 1, 1929.

Q. And so far as your knowledge is concerned, is Jones right when he says that he and his friends, or those proxies that he had, got approximately three and a half millions from Sweezey—as far as your knowledge goes?—A. Yes.

Q. Do you know whether any monies of the syndicate were used to pay Jones off?—A. I know they were not.

Q. In any way?—A. No monies at all.

*By Mr. White:*

Q. Or borrowed from the syndicate?—A. Or borrowed from the syndicate.

If I might make one suggestion, I would like to ask you to file these heavy books, if Mr. White will consent; or do you want to take some time over that?

*By Mr. Stewart:*

Q. You sold 25,000 shares or part-interests of that syndicate?—A. 25,000 altogether.

Q. And you got in altogether \$1,295,000?—A. You have included the amount received from the first syndicate. We got in altogether \$1,591,000 in cash.

*By Mr. Forsythe:*

Q. Is the Sterling interest in that?—A. That was in cash.

*By Mr. Stewart:*

Q. You gave 10,000 to the first syndicate and 2,000 to the Sterling Company and you sold the balance?—A. That gave us \$1,300,000 in cash.

*By the Chairman:*

Q. What makes up the total, General Stewart, is that he got \$1,300,000 in cash, and \$200,000 of the Sterling assets?—A. That is right.

*By Mr. White:*

Q. Where does the \$91,000 come from?—A. There is no \$91,000; I was adding that on, and I think General Stewart was, to the amount received from the members of the first syndicate. The total amount of receipts from members of the two syndicates together was \$1,761,000.

*By the Chairman:*

Q. So that the cash received by the second syndicate was \$1,300,000, plus the amount received on the Sterling assets?—A. Yes, that is right, sir.

Mr. WHITE: I will just take a moment or two to put in some exhibits. These are two books of the Beauharnois Power Corporation, Limited, containing By-Laws and Minutes:—

Book No. 1, filed, marked Exhibit 64.

Beauharnois Power Corporation Limited, Manager Preferred Shareholders Minute Book filed, marked Exhibit 65.

Then there is the Marquette Construction Corporation minute book.

The WITNESS: That is incorporated in the State of Delaware?

Mr. WHITE: There will be some explanation in connection with that.

Marquette Construction Corporation Minute Book, filed, marked Exhibit 66.

Beauharnois Construction Company minute book filed, marked Exhibit 67.

Beauharnois Land Company Book filed, marked Exhibit 68.

Beauharnois Transmission Company book, filed marked Exhibit 69.

The Committee adjourned at 5.00 p.m., to resume on Thursday, July 9, 1931, at 11 a.m.

HOUSE OF COMMONS, ROOM 231,

THURSDAY, July 9, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:—

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Morand, K.C., for the Royal Trust Company.

MR. WHITE: I thought I ought to point out on opening this morning a matter which developed out of yesterday's evidence. It is a simple mathematical calculation, but it has not been put down on the notes in this form. The price which Mr. Jones received for his shares in the syndicate, his part interest, \$550, which, if one analyses—whether this was the basis or not, I am not suggesting—it works out to \$150 per share, and \$10 per share for each of the forty shares that went with the \$150 on the division of the syndicate assets; that is, one share at \$150 in cash and 40 shares at \$10, which is \$400, the two added together make \$550.

I have been handed by my learned friend, Mr. Morin, a circular of a firm of brokers in Toronto, Messrs. Doherty Roadhouse and Company, dated July 6, 1931. It is called "Special financial news by our New's Service Department," in which it says:

The whole question of Beauharnois Power Development may ultimately go to the Privy Council. Peter White, Government counsel, declares that Beauharnois is the largest single power unit in the world, worth \$390,000,000, built at a cost of \$75,000,000.

It must have been in my sleep, or in a state of unconsciousness that I made that statement.

MR. STARR: Are you rising to a question of privilege?

MR. WHITE: I thought I ought to bring it to the attention of the committee, and probably the press, and to say that I have not made any such statement.

HUGH B. GRIFFITH, recalled.

MR. WHITE: Exhibit 53 are the minutes of the Beauharnois Light, Heat and Power Company which you will recall was incorporated—

MR. GRIFFITH: I was wondering if I might have the privilege of following, as you read from the minute book, otherwise I have no copy available.

MR. WHITE: Mr. Symmes and I have covered these minutes, and while it may be a bit tedious, I trust the committee will feel that I am not calling attention to anything that does not appear of some moment.



The company, as I was about to say, was incorporated in 1902, and the first meeting was held on the 22nd April of that year.

Mr. LENNOX: The minutes of what company?

Mr. WHITE: The Beauharnois Light, Heat and Power Company. Incorporation, you will remember, being by special act of the legislature of Quebec, which is filed as an exhibit. The persons present at that meeting were all of the provisional directors except W. H. Robert, the others being J. B. Robert, E. B. Greenshields, Edward C. B. Featherstonhaugh, and Charles James Fleet.

Shares were allotted as follows: Joseph B. Robert, 7 shares; William H. Robert, one share; Edward B. Greenshields, one share; Charles James Fleet, one share; and Edward Charles Barry Featherstonhaugh, one share. The bylaws of the company were adopted, numbered in paragraphs from one to sixteen inclusive.

The next meeting of shareholders was held on the 22nd day of April, 1902, at which there were present J. B. Robert and W. H. Robert, by proxy, and Mr. Edward Black Greenshields, Edward Charles Barry Featherstonhaugh and Charles James Fleet were present in person, the two proxies and those present in person, constituting all the shareholders of the company. The by-laws were approved and this resolution was passed:

That the directors be authorized for and on behalf of the company to purchase from Messrs. Joseph Bartholomew Robert and William Henry Robert of Beauharnois the whole or such portion as they may deem advisable of the property of the said J. B. Robert and W. H. Robert for such price and on such terms and conditions as they may deem best and to secure the purchase price in any way.

On the 22nd April, 1902, a meeting of directors was held, and this motion was passed:—

Whereas Mr. Joseph Bartholomew Robert has offered to sell to the company certain real property as follows to wit:—

and then there follows certain specified property, which we discussed to some extent the other day, and which I promised to have analyzed comparatively with the property which was the subject of the agreement later between Robert and Mr. Swezey. The purchase price is \$400,000, payable, \$200 in cash, and the balance on the first day of September next.

The next meeting is on the 27th of July, 1909. Apparently there was a hibernation for seven years. I suppose those were the seven lean years. At that meeting all that took place was notification that Mr. Greenshields and Mr. Featherstonhaugh had ceased to be directors by reason of having transferred their interest. Apparently Mrs. Robert and Miss S. M. Robert were elected directors,—in 1909 the company being still a family formation.

In July, 1909, another meeting was held, at which there were present all the directors.

The CHAIRMAN: What was the date of that meeting, Mr. White?

Mr. WHITE: July 27th, 1909. At that meeting the following resolution was passed:—

That the Company sell to Mr. W. H. Robert the property described in a certain deed of sale prepared by Mr. W. de M. Marler, whereof the draft is before the meeting and is approved being part of the undivided portion of the lot 559,

and so on. Then, certain other resolutions in reference to copy, the consideration of the sale of the property carries with it water power by preference equal to 250 horse power and the consideration is \$6,500, payable in the years from the 15th day of May, 1909, with interest, until the date of payment at six per

cent, and an annuity of three hundred dollars payable to the company during the life of Mrs. J. B. Robert. The next piece of property is a farm comprising lot No. 266 of the parish of St. Clement, lot 565 of the town of Beauharnois and all the rights of the said W. H. Robert in a part of lot 566 of the town of Beauharnois for two hundred thousand dollars, (\$200,000). There is a purchase from Robert of these properties for \$200,000 payable the first day of September, 1909.

Then a further resolution that J. A. Robert one of the directors be authorized to become party to an agreement prepared by the said William de M. Marler and of which a draft was submitted to the meeting between Mrs. J. B. Robert and W. H. Robert, J. A. Robert and Miss Sarah Mary Robert, whereby the parties assign and transfer unto Mrs. J. B. Robert and Miss Sarah Mary Robert so much as may be necessary of the amount in principal and interest payable to the widow and representatives of the late Joseph Bartholomew Robert by this company under the deed of the 14th of May, 1902, to meet the payments therein specified to be made.

Then, the next meeting is on the third of January, 1910, which authorized the borrowing of \$12,000.

On the 4th January, 1910, there is a provision that certain officers of the company be authorized to receive \$6,500 for the purchasing of a piece of property and to disburse \$5,800 and \$700 as indicated.

A meeting of the 14th March, 1910, says, "as copy of the bill now before the Quebec legislature for amendment of the company's charter was laid before the meeting and it was duly moved and seconded and resolved unanimously:—

That the bill asking for amendments to the company's charter now before the Quebec Legislature of which notice has been given in the Quebec Official Gazette and in sundry newspapers, be and the same is approved, and that Messrs. Fleet, Falconer, Oughtred, Phelan, Williams and Bovey be and they are hereby authorized to take all such steps as they may think necessary or as they may be directed by the Board of Directors of the company to secure the passing of the said bill with such amendments as they may think best.

That the signing and sealing of the said bill by W. H. Robert and Wilfrid Bovey on behalf of the Company, be and the same is hereby declared to have been authorized and be ratified.

*By Mr. White:*

Q. Mr. Griffith, I have forgotten when the shares in this company were acquired by Mr. Swezey.—A. On the 3rd February, 1927.

Q. The 3rd February, 1927?—A. That is correct, sir.

Q. Not until then?—A. No.

Q. So that in 1910 this was still Robert?—A. We had no interest in it.

Then, there was a meeting of directors on the 4th October, 1912, at which they appeared to have been all present; and there is a resolution that the company will transfer and assign to the Howard Smith Paper Co. Limited, the following immovable property and rights, a certain lot, 556 in the town of Beauharnois, a description of which is here, and the right to a siding as described, for \$10,000 in cash.

Q. Then, on the 25th or is it the 20th, Mr. Griffith— —A. We will call it the 25th, then, Mr. White.

Q. All right. The stenographer put it down both ways to be perfectly clear about it. At that meeting, on the 25th March, 1917, it was resolved to convey to W. H. Robert, lots 5, 6 and 7 and lot No. 556 in part execution of an agreement and it is declared that W. H. Robert has been in possession of the said property since July, 1915; that the buildings on these lots were erected by

him, and any claim for damages against the town of Beauharnois in connection with these lots, is transferred to Mr. Robert and it is subrogated to the rights of the company.

Paragraph 2 of the same meeting says:

That in payment to the extent of six thousand five hundred dollars of its indebtedness, in principal and interest, to the representatives of the late J. B. Robert under the Deed of Sale from him to this company executed before W. de M. Marler, N.P., on the 14th May, 1902, registered under the No. 33446, this company do convey to the said representatives Robert all the property, water powers and rights acquired by it under that deed except

- (a) The Feeder and lands connected therewith being official lots Nos. 172, 173, 175 and 341 of the Parish of St. Cecile and the water and shore lots at Valleyfield.
- (b) The property and rights conveyed to the Howard Smith Paper Company by the deed of exchange before L. C. Tasse, Notary, on the 5th October, 1902.
- (c) The property, water power and rights conveyed to W. H. Robert by deed before W. de M. Marler, Notary, on the 27th July, 1909.
- (d) The subdivisions 5, 6 and 7 of lot 556 of the Town of Beauharnois.

On the 30th November, 1921, Mr. Henry N. Chauvin is added to the Board of Directors.

On the 30th November, 1921, the chairman reported that he had been carrying on negotiations with a view to enlarging the feeder in order to develop a greater amount of horsepower, and that he would keep the members of the board informed of the progress of such negotiations.

There was a formal meeting of shareholders on the 2nd May, and on the same day at a meeting of the Board of Directors, the chairman stated that as he had informed the directors during the course of the last year, that the negotiations for increasing the waterpower of the company were still under way.

On the 1st May, 1923, there was a formal meeting of shareholders, following which there was a meeting of directors at which there was an election of officers. On the 6th May, 1924, there was a meeting of shareholders, and only formal matters were dealt with. On the 6th May, there was a meeting of directors at which the officers were elected, and that was the only business enacted.

On the 5th May, 1925, there was a meeting of shareholders, the chairman being W. H. Robert. The chairman reported that the suit of the Great Lakes and Atlantic Canal and Power Company, Limited, had caused the suspension of all the different negotiations he had had with a view to the enlargement of the feeder and that until the final decision was given it was advisable for the company to continue operating under the present conditions.

Mr. WHITE: You will recall that that was not quite done because at the time the Sweezey agreement was entered into special provision was made pending the result of the appeal to the Privy Council in that action.

On the 5th of May, 1925, the officers were elected.

On the 4th of May, 1926, a shareholders' meeting, at which the directors were elected, and:

The Chairman reported that Judgment had been received by the Superior Court dismissing the suit of the Great Lakes & Atlantic Canal and Power Company, Limited, and that he had every reason to expect that there would be an appeal to the Court of King's Bench.

On the 4th of May, 1926, a meeting of directors, simply electing the officers.



The next meeting—still part of exhibit 53-4—was on the 1st of February, 1927, a meeting of directors:

The Chairman reported that the heirs of the late J. B. Robert were willing to accept an allotment of the unissued capital stock of the company, the said shares to be allotted as fully paid up and nonassessable, in settlement of the balance of the purchase price due to them under deed of sale by the late J. B. Robert to the Company dated the 14th of May, 1902, which balance of price amounts to \$375,800.

It was moved by Miss Robert and seconded by Mr. Chauvin, that the proposal of settlement of the heirs of the late J. B. Robert be accepted and that it be enacted as a by-law of the Company.

And a by-law was passed authorizing the issue of 1,989 shares to the Robert heirs, and those shares were allotted to the heirs for the price of \$198,900 in full of the claim of the heirs of J. B. Robert.

Then a meeting on the 3rd of February, 1927, a meeting of directors. J. A. Robert resigned and Mr. H. B. Griffiths was elected a director in his place.

*By Mr. White:*

Q. Was that after the acquisition of the shares?—A. It was probably concurrently with it, Mr. White. The meeting took place in the solicitor's office, and I see it was held at 6 o'clock in the afternoon. My recollection is it would be just perhaps two minutes after the passing of the cheques.

Q. That is the actual date of the agreement?—A. That is the date of the purchase, yes.

Q. Do I understand that the shares were transferred at that time, or that there was an agreement to transfer?—A. Oh, no. They were finally delivered to the National Trust Company to be held by them in escrow under the terms of that agreement.

Q. Yes. And Miss Robert resigned and Mr. Griffiths was elected secretary in place of Miss Robert.

On the 18th of February, 1927, a meeting of directors, at which apparently all were present, there being five directors:—

The Secretary laid before the Meeting the resignation of Mr. E. Howard Cliff, as a Director of the Company, in which Mr. Cliff asked that the same become effective upon acceptance. It was moved by Mr. Chauvin, seconded by Mr. Robert, and unanimously resolved, that the resignation of Mr. Cliff as a Director of the Company be and the same is hereby accepted; and that Mr. A. L. Caron, a shareholder of the company be and he is hereby elected as a Director of the Company, in the place and stead and for the balance of the term of office of Mr. W. Howard Cliff, resigned. Mr. Caron then entered the meeting, and took his place on the Board.

How did Mr. Caron come to be a shareholder of this Company, Mr. Griffiths?—A. All of the shareholders of this company, Mr. White, were nominees of Mr. Swezey, or later of the syndicate, and he was a nominee of Mr. Swezey.

Q. He was a nominee of Mr. Swezey?—A. Yes.

Q. And Miss Sarah Robert resigned and Mr. Swezey was elected a director, Mr. Chauvin resigned and Mr. Steele was elected a director. That is Mr. R. W. Steele. Mr. W. H. Robert resigned as president, and Mr. A. L. Caron was elected President and Mr. R. O. Swezey, Vice-President.

Mr. STARR: What is the date of that meeting.

Mr. WHITE: The 3rd of February, 1927. On the 13th of June, 1927, the directors appear to be:—

Present:—A. L. Caron, R. O. Swezey, W. H. Robert, R. W. Steele, H. B. Griffith.

I take it that all except Mr. W. H. Robert were nominees of Mr. Sweezy, or was he also a nominee?—A. He was also a nominee.

Q. So that Mr. Sweezy is now in control of the Beauharnois Light, Heat and Power Company, subject to the terms of the agreement which was, with certain alterations satisfactory to the Roberts, carried out?—A. Yes. I take it you mean Mr. Sweezy and/or the Syndicate which he organized, and which at this date, the 13th of June, was really in existence.

Q. And subject, I should say, to the Syndicate agreement?—A. That is right.

*By the Chairman:*

Q. Mr. Griffith, is Mr. Caron still connected with the company?—A. He is still a director of the company.

Q. The reason I ask is I read in the press a few weeks ago where he had been involved in litigation down in Vermont, in New York State, in connection with the profits arising out of the Beauharnois transaction. Is that the same man?—A. That is the same Mr. Caron.

Mr. WHITE: Messrs. Meredith, Holden, Heward and Holden were appointed solicitors to represent the company in an action taken by the Transportation and Power Corporation against Mr. R. O. Sweezy. And I see you made arrangements to borrow money to pay your taxes.

Then the same directors were elected on the 18th of August, 1927, at a general meeting of shareholders.

On the 18th of August, a meeting of directors, Mr. Sweezy was made President, Mr. R. W. Steele, Vice-President and Mr. Griffith, Secretary-Treasurer:—

It was moved by Mr. H. W. Steele, seconded by Mr. A. C. Caron and unanimously adopted, that the President and Secretary be authorized to make application on behalf of the Company to the Government of Province of Quebec for lease of certain beach and deep water lots as described in the draft application prepared by the Company's solicitors and submitted to the meeting.

And on the 31st of October a somewhat similar resolution:—

It was moved by Mr. R. W. Steele, seconded by Mr. W. H. Robert and unanimously resolved: That the President and the Secretary be authorized to make application on behalf of the Company to the Government of the province of Quebec for the grant of certain beach and deep water lots and other rights described in the draft application prepared by the Company's Solicitors and submitted to this meeting, and that the said officers be and they are hereby authorized to execute and seal with the corporate seal of this company the application for this purpose and to execute and do all such other documents and things as may be necessary or useful in the premises.

And then a meeting of Directors on the 16th of January, 1928:—

It was moved by Mr. A. L. Caron, seconded by Mr. W. H. Robert, and unanimously resolved: That the Company make application to the Legislature of the Province of Quebec for the passing of an Act amending its Charter by amending its provisions relating to the location of the entrance and exit of the canal, which it is empowered by its Charter to build; and that the President or Vice-President and the Secretary of the Company, be and they are hereby authorized for and on behalf of the Company to execute appropriate petitions for this purpose to His Honour the Lieutenant Governor, the Honourable the Legislative Council and the Honourable the Legislative Assembly of the Province of Quebec, and to execute and do all such other documents and things as in their opinion may be necessary or useful in this connection.

It was moved by Mr. R. W. Steele, seconded by Mr. W. H. Robert, and unanimously resolved, that the President and the Secretary be authorized to make application on behalf of the Company to the Government of the Dominion of Canada for the approval of plans as described and on condition as set out in the draft application prepared by the company's solicitors and submitted to this meeting, and that the said officers be and they are hereby authorized to execute and seal with the corporate seal of this company the application for this purpose and do such other documents and things as may be necessary or useful in this connection.

On the 5th of June, 1928, a meeting of Directors. Mr. W. H. Robert resigned and Mr. F. P. Jones was elected to fill the vacancy:—

The President reported that an order in council in the Province of Quebec, dated the 25th of April, 1928, approved by the Lieutenant Governor on the 27th of the same month, had been passed authorizing the Minister of Lands and Forests to grant an emphyteutic lease to this Company and that a draft lease for this purpose had been submitted.

On motion duly seconded it was unanimously resolved that the draft emphyteutic lease between the Government of the province of Quebec and this company, which has been submitted to this meeting, be and it is hereby approved, and that the President or Vice-President or the Secretary, be and they are hereby authorized to execute on behalf of the Company a lease substantially in the form of the draft submitted to this meeting, or the like effect.

Then the \$500,000 deposit mentioned in the lease is dealt with and provision is made for procuring the money and making that deposit. We have already discussed that and the transfer of the company's rights to the Bank of Montreal:

The President reported that various contracts has been offered the Company for the sale of its power and that in his opinion steps should be taken to secure these (subject to the approval of the Company's plans by the Dominion Government).

On motion duly seconded it was unanimously resolved that the President or Mr. F. P. Jones, be authorized to negotiate contracts for the sale of power on terms to be approved by the Company's Chief Engineer and to conclude the same subject to ratification by the Board of Directors.

Then the annual meeting of shareholders on the 17th September, 1928.

*By Mr. White:*

Q. When were the syndicate assets distributed?—A. December 17, 1929.

Mr. WHITE: At this meeting of shareholders of the 17th of September, 1928:

Present: R. O. Sweezey, H. B. Griffith, R. W. Steele, F. P. Jones, A. L. Caron.

National Trust Co., Ltd., in trust, represented by Proxy in favour of R. O. Sweezey and for H. B. Griffith.

*By Mr. White:*

Q. How did the National Trust Co. come to be a shareholder of this company at that time?—A. They were still holding the majority of the shares under the agreement between Sweezey and Robert.

*By the Chairman:*

Q. Sweezey had not completely exercised his option?—A. It was not quite an option, Mr. Gordon. He made the purchase and the first payment, and they were holding in escrow subject to resolatory conditions.



Q. Which conditions had not yet been fulfilled?—A. Yes, which conditions had not yet been fulfilled.

Q. So that the National Trust Co., while appearing to be shareholders had no beneficial interest in the shares?—A. That is true, sir.

Q. Merely holding them as stakeholders, as it were?—A. As trustees.

Q. As trustees?—A. Yes sir.

Mr. WHITE: Reading from the Minutes of the 17th September, 1928:

The President submitted to the meeting a report of the activities of the company during the past year.

And that was ratified and confirmed, and the same directors were elected.

*By Mr. White:*

Q. I wonder if I could have a copy of that report?—A. I am afraid those reports were verbal, Mr. White.

The CHAIRMAN: What report is that.

Mr. WHITE: A report of the President on the activities of the company during the past year.

*By the Chairman:*

Q. What happened to that report, Mr. Griffith?—A. They were not written reports, Mr. Chairman.

Q. Oh, verbal?—A. Purely verbal statements.

The CHAIRMAN: The President at this time was?

Mr. WHITE: Mr. Sweezey, and the individual shareholders being Mr. Griffith, Mr. Steele, Mr. Jones, Mr. Caron and the National Trust Company.

The CHAIRMAN: Mr. Sweezey will be able to give us almost the same report as he gave to that meeting.

Mr. WHITE: And at the meeting on the 17th of September, a meeting of directors following the annual meeting, Mr. Jones was elected President of the Company, Mr. Sweezey, Vice President, Mr. Griffith continuing as Secretary.

On the 7th day of May, 1929, the annual meeting was held, and the President submitted another report of the activities of the company during the past year, which was adopted. I suppose that also is verbal?

The WITNESS: The same kind of report, Mr. White.

Mr. WHITE: The directors were elected as follows:

F. P. Jones, R. O. Sweezey, H. B. Griffith, L. C. Christie, A. L. Caron.

*By Mr. White:*

Q. How did Mr. Christie come to be a shareholder?—A. He, like the other directors, was nominated to that position, elected to that position I might say by the Syndicate representatives.

Q. Would it be proper to say that he was there as the representative of the National Trust Co.—A. No, it would not. The National Trust Co., had no representative or beneficial interest. They nominated or furnished a proxy to Mr. Sweezey or to myself.

Q. Then he was really one of Mr. Sweezey's nominees?—A. Quite. I think I should stress, Mr. Chairman, the fact that he was not a nominee of Mr. Sweezey but a nominee of the President of the Syndicate.

The CHAIRMAN: Who was the President?

Mr. WHITE: That is Mr. Sweezey.

*By the Chairman:*

Q. Mr. Sweezey was the President?—A. Yes, sir, but not in his personal capacity.

Q. He was capable, of course, of distinguishing those refinements, was he? —A. Oh, quite.

*By Mr. White:*

Q. Mr. Christie had joined the company at this time?—A. He had, sir.

Q. In what capacity?—A. I do not think that he had any office prior to this date. I do not recall the date on which he entered our employ.

Q. And he came to the company from what position?—A. The Hydro Electric Commission of Ontario.

Q. Had he been with the National Trust Co., do you know?—A. Never to my knowledge.

Q. Then the annual meeting on the 7th of May, 1929, Mr. Jones still President, Mr. Sweezey, Vice-President:

On motion duly seconded, it was unanimously resolved that the President or Vice-President and the Secretary be and they are hereby authorized to enter into any agreements with the Dominion Government which in their opinion, may be necessary or useful to give effect to the approval of the Company's plans granted by order in council of the Dominion Government dated 8th March, 1929, and any modifications of or additions to such order in council which may be made by competent authority.

On the 28th of June, 1929, a meeting of directors:—

It was moved, seconded and unanimously resolved that the President, Vice-President and the Secretary or any two of them be authorized to make application on behalf of the Company to the Government of the Province of Quebec or to any Department thereof for the approval of the sites and plans and specifications of the Company's proposed works under the Water Courses Act.

On the 29th day of July, 1929, a meeting of directors, at which Mr. Steele was elected to fill the vacancy caused by the resignation of Mr. Jones. Mr. Sweezey was elected President.

The CHAIRMAN: What is the date, Mr. White.

Mr. WHITE: 29th of July, 1929. We have had that date before, I think, from Mr. Jones. By the way, Mr. Jones' resignation as President was presented to that Meeting and accepted. That appears to be practically all of the business of that meeting.

Then on the 5th of August, 1929, a meeting of directors, it was resolved:—

The President, the Vice-President and the Secretary or any two of them be authorized on behalf of the company to execute and seal with the Company's corporate seal a contract with the Montreal Cotton Company in the form submitted to the meeting, providing for the acquisition by the Company of the right to use through its proposed canal all the quantities of water drawn from the St. Lawrence River which the Montreal Cotton Company is entitled under leases from the Department of Railways and Canals of Canada to use in its power plants at Valleyfield.

And that accounts for the 13,072 horse power, does it.

The WITNESS: That is right—cubic feet per second.

Q. Cubic feet per second, yes. And then on the 21st of August, 1929, at a meeting of directors a resolution was passed.

*By the Chairman:*

Q. Just at that juncture. Was it necessary to receive the approval of anyone to the assignment of the Montreal Cotton Company's lease to the Beauharnois Light, Heat and Power Company.—A. I believe it was. I personally did not have charge of that. Mr. Christie had personal charge of the legal points involved.

Q. What I had in mind was this: There seems to have been carried through those Orders in Council, where plans were approved, a restrictive condition with respect to the assignment of those rights. I wondered if that same restrictive condition contained in the lease of the Montreal Cotton Company had to be obtained and, if so, was it obtained; but you are not in a position to say.—A. Mr. Christie will take that point up.

Mr. WHITE: Mr. Morin has just pointed out the approval of this was obtained by Order in Council. I have forgotten the number of it at the moment.

The CHAIRMAN: Is that 2201-2-3.

The WITNESS: That is right.

The CHAIRMAN: Exhibits 7, 8 and 9.

Mr. WHITE: Then on the 21st of August this resolution was passed:—

That either the President, the Vice-President or the Secretary be authorized to sign on behalf of the Company from time to time such petitions, applications, affidavits, notices or other documents as under the Water-Courses Act the Company's Act of incorporation as amended or otherwise, may be necessary in connection with any expropriation proceedings to be instituted by the Company in respect of the lands or rights required for the construction of the Company's canal, power plant, transmission lines or other works to be constructed by the company.

On the 9th of October, 1929, this resolution:—

That the draft deed of agreement between the Honourable the Minister of Lands and Forests of the Province of Quebec, and this Company amending the emphyteutic lease of the 23 June, 1928, between the said Minister and this Company, which said Draft Deed the Minister was authorized by order in council of the said Province, passed on the 18th September, 1929, and approved by the Lieutenant Governor on the next day, to execute in behalf of the Government of the said Province and of which a copy has been submitted to this meeting be and it is hereby approved and that the President, the Vice-President and the Secretary or any two of them be and they are hereby authorized to execute on behalf of this Company a Deed of Agreement with the said Minister substantially in the form of the draft submitted to this meeting or to like effect.

On the 25th of October, 1929, the President reported—the President being Mr. Sweezy:—

. . . that in order to implement the agreement of the 14th August, 1929, between the Company and the Montreal Cotton Company, it was necessary that the Company conclude with the said Cotton Company agreements sub-leasing the said Cotton Company water rights to the Company; that it apply for the approval thereof by the competent public authorities; and that it conclude tripartite agreements with the Crown and the said Cotton Company setting the conditions of such approvals.



On motion duly seconded, it was unanimously resolved:—

That the President, the Vice-President and the Secretary or any two of them be and they are hereby authorized on behalf of the Company to execute with the said Cotton Company such sub-lease agreements.

On the 28th of October, 1929, there appears this:—

There was submitted to the meeting a draft agreement between the Company and the Hydro Electric Power Commission of Ontario for the sale of 250,000 horse power of electrical power to the Commission.

On motion duly seconded, it was unanimously resolved:—

That the draft agreement between the Company and the Hydro Electric Power Commission of Ontario for the sale of 250,000 horse power of electrical power to the Commission, a copy of which has been submitted to the meeting, be approved, and that the President, the Vice-President and the Secretary or any two of them be and they are hereby authorized to execute on behalf of the Company an agreement with the Commission substantially in the form submitted to the meeting or to like effect.

*By Mr. White:*

Q. Could I have that contract, Mr. Griffith, or a copy of it?

Mr. MONTGOMERY: After all, that is a thing that Hydro is involved in. I doubt whether it would add anything.

Mr. WHITE: I waive this on behalf of the province of Ontario.

Hon. Mr. MACKENZIE: Are you authorized to speak on behalf of the province of Ontario?

Mr. WHITE: As a tax payer.

The WITNESS: I may say, Mr. Chairman, that the company has no objection itself to producing this.

Mr. WHITE: It is a public document.

The CHAIRMAN: Is there any objection to its production?

The WITNESS: Not from the Company's point of view.

*By the Chairman:*

Q. Well, from whose point of view?—A. I do not know. I am just thinking of the relations we have with outside people. We would have to obtain the consent of the Commission, I think, before we showed it to any third party.

*By Mr. White:*

Q. I do not know why you would. I think perhaps you would do what you were directed to do by the Committee.—A. I am excepting the proceedings before this committee, Mr. White. I am thinking of my normal actions as an officer of the company.

The CHAIRMAN: I think the terms of the contract were almost word for word published in the Press at the time they were entered into.

Mr. MONTGOMERY: It is a pretty long document. I do not think there is the slightest objection to Mr. White seeing the contract.

Mr. WHITE: I can very easily get it by asking the Ontario Hydro Electric Power Commission for it.

Mr. LENNOX: Mr. Griffith has a copy of it.

The CHAIRMAN: I cannot conceive any reason why it should not be filed.

The WITNESS: Well, if that is your ruling we are certainly not going to argue the point at all, Mr. Chairman, because there is no reason.

The CHAIRMAN: Would you mind letting me see it to find out if there is anything so shattering to the nerves that it cannot be filed.

The WITNESS: I think it would only shatter the nerves of an electrical engineer, as a matter of fact.

The CHAIRMAN: Well, I will skip that part. You may go on, Mr. White. I will look this over.

Mr. WHITE: The meeting of directors of the 31st of October, 1929, authorizing an agreement with the Canadian National Railway in regard to the diversion, bridges.

Then a meeting on the 6th November, 1929, of directors, approving the agreement between the Beauharnois Light, Heat & Power Co., and Beauharnois Construction Co., providing for the construction of its power canal and power plant for the utilization of 200,000 electrical horse power.

*By Mr. White:*

Q. Perhaps you will let me have a copy of that agreement?—A. I will be glad to, Mr. White.

Q. Have you it with you?—A. I think we have prepared copies for filing.

Q. It is dated the 6th November?—A. Yes.

Q. Well, it is at a meeting on the 6th of November, 1929?—A. You will let me substitute another one so that I can put this back in my book at a later period.

Q. I suppose the "Contractor" is the Construction Company?—A. Yes.

Mr. WHITE (Reads):

(EXHIBIT NO. 70)

This Memorandum of Agreement made in duplicate at the City of Montreal in the province of Quebec on the sixth day of November, one thousand nine hundred and twenty-nine.

By and between:

Beauharnois Light Heat & Power Co. (hereinafter called the "Power Company"), a company incorporated by special Act of the Province of Quebec, having its head office in the said City of Montreal, herein acting and represented by Robert O. Sweezey, its President, and Hugh B. Griffith, its Secretary, hereto duly authorized by a resolution of its Board of Directors, a certified copy whereof is hereto annexed:

Party of the First Part.

And:

Beauharnois Construction Company (hereinafter called the "Contractor"), a company incorporated by Letters Patent of the province of Quebec, herin acting and represented by Frank H. Cothran, its Vice-President, and Loring C. Christie, a Director, hereto duly authorized by a resolution of its Board of Directors, a certified copy whereof is hereto annexed:

Party of the Second Part.

Witnesseth that the Parties hereto for good and valuable consideration each to the other paid, receipt and sufficiency whereof is hereby acknowledged by the respective recipients, have agreed together as follows:—

1. The Power Company hereby engaged and employs the Contractor to cause to be designed and laid out for the Power Company, and to construct or cause to be constructed for the Power Company its so called "Beauharnois Station" on the St. Lawrence River, including a canal from Lake St. Francis to Lake St. Louis in the County of Beauharnois, power house, tail race, all bridges, gates, sluices, dams, remedial and protective

works, highway revisions, railway revisions, railways, tramways, temporary works, and all other works and structures which may be incidental to, necessary or useful for the said project. Said canal, power house, tail race and other structures shall be designed and constructed so as to use 24,000 cubic feet per second of water, developing approximately 200,000 horse power, and shall be so designed and constructed that it may be enlarged and extended from time to time.

2. The Contractor hereby accepts the said engagement and employment and undertakes to carry out the same.

3. The Contractor shall engage or procure the services of all such architects, engineers and other experts as may be necessary or useful for the proper designing and laying out of the said works, and shall procure all engineers, superintendents, timekeepers, inspectors, foremen and labourers and engage all other services and provide all apparatus, equipment, machinery, tools, supplies, material and other things necessary or useful for or in connection with the construction of the said works.

4. All the plans and specifications of work caused to be prepared by the Contractor shall be subject to the approval of the Power Company and shall not be acted upon or proceeded with unless approved by or on behalf of the Power Company, and the Power Company shall be entitled from time to time to add to, amend, vary, cancel or replace any plans or specifications, whether or not the same shall have been previously approved by it.

5. The Contractor shall comply with and conform to:—

- (a) All the requirements of an order in council approved by His Excellency the Governor-General-in-Council of the Dominion of Canada on the Eighth day of March, 1929 (P.C. 422), and any and all modifications, amendments or additions which may have been or may hereafter be made to the same; and all other orders in council which may hereafter be made, relating to said works;
- (b) The provisions of an emphyteutic lease granted by the Government of the province of Quebec to the Power Company under date of the Twenty-third of June, 1928, and any and all modifications, amendments or additions which may have been or may hereafter be made to the same; and all further leases granted which may modify, amend or extend the provisions and conditions of the above lease, or otherwise relate to said project;
- (c) Any and all regulations, requirements, instructions or orders lawfully made or given by the Government of the Dominion of Canada or its representative, or the Government of the province of Quebec or its representative, or by any other competent authority;
- (d) Any and all instructions, orders and requirements which may be given or made by the Power Company.
- (6) The Contractor undertakes and agrees that provided:—
  - (a) Written instructions to proceed with said work are given on or before July 2nd, 1929;
  - (b) The necessary lands, servitudes, casements, privileges and permits are made available to it as hereafter provided in appropriate time from time to time as required for the proper prosecution of the work;
  - (c) The plans and specifications of work are approved by the Power Company in appropriate time from time to time as required for the proper prosecution of the work;



it will build and complete the necessary canal, power plant and other structures, including the installation of the required hydraulic and electric equipment so that on or before October 1st, 1932, the power from 24,000 cubic feet per second of water (developing approximately 200,000 horse power) may be available at the bus bars of the power plant. The Contractor will also arrange its equipment and construction program so that the Power Company can complete the structures and installations necessary to develop subsequently to October 1st, 1932, and until said project is fully developed, not exceeding 100,000 horse power per year as may be authorized by the proper governmental authorities.

7. The Power Company undertakes and agrees to make available from time to time as required for the proper prosecution of the work, all the lands, servitudes, easements, privileges and permits, including beach and deep water lots which may be necessary for the proper prosecution of the work in accordance with the approved plans and specifications.

Hon. Mr. MACKENZIE: Is all this material evidence?

Mr. WHITE: This particular part is.

Hon. Mr. MACKENZIE: It is absolutely immaterial.

The CHAIRMAN: I think it should form part of the record.

Hon. Mr. MACKENZIE: You may see some importance in it, but I do not.

Mr. WHITE: The Power Company undertakes and agrees to pay to the contractor the cost and expense incurred by the contractor in performing this contract, and in addition a commission or fee equivalent to twelve and one half per centum ( $12\frac{1}{2}\%$ ) of the cost and expense of said work, not including, however, the cost and expense of lands, servitudes, easements, privileges and governmental permits required to be furnished and made available by the Power Company, nor including the salaries or other remuneration of officers of the contractor, except those regularly stationed on the site of the work, nor the expense of any of its offices other than offices established on the site, nor fees or commissions paid for engineering services to persons or corporations not regularly stationed on the site of work, but shall include all travelling and other expenses of its officers incurred in connection with or for the purpose of the work.

Q. In that connection, Mr. Griffith, do I understand that the contracting company is 100 per cent subsidiary of the power company?—A. It is, Mr. White. I think I might also point out you will come to it in the course of a few minutes—I just wanted to anticipate Mr. White a little bit and say in a later minute you will find that  $12\frac{1}{2}\%$  commission was waived.

Q. It seemed to me to be an awkward thing?—A. It proved to be so in practice.

Q. There does not seem to be anything else in the contract, Mr. Chairman, that is, anything of importance. This will be exhibit No. 70.

Document filed and marked exhibit No. 70.

Mr. WHITE: The next meeting is a directors meeting on the 14th December, 1929.

The CHAIRMAN: Are we having these printed in the minutes of the committee?

Mr. WHITE: I understand so.

The CHAIRMAN: The whole thing will be printed in?

Mr. WHITE: I did not think that was to be done. I thought the parts I have been reading would be printed.

The CHAIRMAN: You are excluding a mass of it.

Mr. WHITE: Yes.

The CHAIRMAN: All right, go on.

Mr. WHITE: I do not see any advantage in cluttering up the record with a lot of stuff that is not useful. The exhibits are available, and if any member of the committee at any time wants anything else read into the record, why that can very easily be done; that is, if my judgment as to what is important happens to be faulty. Apparently though, I am including enough.

Hon. Mr. MACKENZIE: At least.

Mr. JACOBS: If you attempt to read what is before you it will take the best part of the day.

Mr. WHITE: No. You will be surprised at the rapidity at which I shall read it.

At a meeting of the directors on the 14th of December, 1929, the chairman stated that the Beauharnois Power Corporation Limited had subscribed for 38,000 shares of the capital stock of the company, namely, the whole of the unissued balance of the capital stock. The shares were allotted. There was then submitted to the meeting a memorandum of agreement, dated 20th November, 1929, between Beauharnois Power Corporation and this company, and that was approved.

Then there is recited approval of the Order in Council of the government of the province of Quebec of the 5th December, 1929, granting the right to divert from Lake St. Francis for the production of power through its power canal and power plant water of the same quantity as that acquired by the company from the Montreal Cotton Company.

Then there is on page 3, commencing at that page, rather, an agreement between Beauharnois Power Corporation Limited, and the Beauharnois Light, Heat and Power Company, which was a subsidiary, formed I understand, Mr. Griffith, to carry on the actual power operations.—A. Mr. White, the Beauharnois Light, Heat and Power Company is the company which we bought from the Roberts. That is the company whose minutes you are now reading, and this agreement is between that company, the old company, we may term it, and the parent company or power corporation, and that sets out the relationship between the two.

Sir EUGÈNE Fiset: All these subsidiaries are owned by the main company.

The WITNESS: There are four, General Fiset.

*By Sir Eugène Fiset:*

Q. They are owned by the Beauharnois?—A. By Beauharnois Power Corporation. They are wholly owned, directors qualifying shares, but they are also pledged to the trustees, so you can call it 100 per cent ownership.

*By Mr. White:*

Q. The Beauharnois Power Corporation is called "Corporation" and the Beauharnois Light, Heat and Power Company is called "company." By this agreement the corporation transfers and makes over to the company all the assets and undertakings acquired and/or contracted to be acquired by it, the corporation, from the Beauharnois Power Syndicate under and in virtue of an agreement dated the 31st day of October, 1929, except the shares of the capital stock of the company so acquired or agreed to be acquired and the shares of the capital stock of Beauharnois Construction Company so acquired or agreed to be acquired.

The corporation undertakes and agrees to procure for the company a contract between the Hydro-Electric Power Commission of Ontario and the company providing for the sale by the company and the purchase by the said commission of electrical power and energy, commencing with a minimum contract demand of 35,000 horse-power on the first day of October, 1932, up to a

maximum contract demand of 250,000 h.p. on the first day of October, 1936, and to continue in force until the expiry of 40 years, commencing from the 1st day of October, 1932, the said electrical power and energy to be sold and purchased at the rate of \$15 per annum per h.p. of the contract demand, the terms, provisions and conditions of the said contract to be subject to the approval of the company.

Paragraph 3. The corporation further undertakes and agrees that upon demand by the company it will guarantee towards the said Hydro-Electric Power Commission of Ontario the performance by the company of the said contract.

Then, it agrees to procure a contract between the company and the Montreal Light, Heat and Power Consolidated, and then it will guarantee the performance of that contract; and then it agrees to create and later to issue \$30,000,000 of bonds, and to make advances by way of loan to the company up to \$22,250,000, as the same may be required, for the following purposes; that is, for the payment of obligations in liabilities assumed by the corporation under the said agreement, and for the payment of expenditures from time to time made or proposed to be made either by the company or subsidiary or in connection with the development or marketing of hydro-electric power in the Soulanges section. It does not say that, but that is what it means, as the company may approve.

Paragraph 7 provides, the company hereby agrees to borrow from the corporation the amounts hereby agreed to be advanced, namely, \$22,250,000 as and when the same are required by the company for any of the purposes specified in section 6 hereof, and to deliver to the corporation promissory notes and other evidence of indebtedness as may be required by the corporation in respect of such advances payable on demand, or at such other time or times as the corporation may require. The company at or before the execution hereof has paid to the corporation the sum of \$3,300,000, the receipt whereof is hereby acknowledged by the corporation, and the company hereby undertakes and agrees to pay to the corporation the sum of \$7,750,000 in such amounts and at such times and from time to time as may be demanded by the corporation, and to deliver to the corporation, one or more promissory notes. What was that transaction, Mr. Griffith?—A. I think I might explain. The \$12,250,000 there transferred; that is, the proceeds there derived from the sale of bonds after having paid the \$4,750,000 which the corporation agreed to pay to the syndicate, \$4,750,000 added to the \$22,750,000 gives us \$27,000,000 in cash, which the corporation received from the sale of those bonds. So, in effect, what happened was the corporation became successor to the syndicate, and it had under this agreement with the syndicate, acquired all of the assets of the syndicate, and under this agreement it transferred to the Beauharnois Light, Heat and Power Company all of the assets which were acquired except the shares of Beauharnois Light, Heat and Power Company, and the assets of the Beauharnois Construction Company. It also agreed as successor to the syndicate which had interests in connection with power contracts and other things which the syndicate had been carrying on, it agreed too, as successor, to obtain those contracts for this subsidiary company and it agreed to advance to the subsidiary company the \$22,750,000, which was the money that was left, you see.

Q. Why? What were you paying for?—A. In payment for all services which the power corporation rendered to the Beauharnois Light, Heat and Power Company, which services have been set out here in full; the obtaining of these contracts and the transference of the assets set out, and the guarantees they had afforded and its activity in having raised this money, the Light, Heat and Power Company paid back \$3,800,000—



Q. Of the \$22,500,000?—A. No, not actual money, but paid back \$3,800,000 which they had previously received by way of subscriptions to its capital stock, which I think—

Q. From the Power company?—A. From the company, corporation.

Q. In other words, that wiped it out?—A. Quite.

Q. So that, although the capital stock of the Light, Heat and Power Company was paid for in cash, the actual cash that had been paid for it was returned by the Light, Heat and Power Company to the Power corporation?—A. That is correct, yes.

Q. And the result, the capital stock was acquired for the services expressed to be the consideration for the payment back of the \$3,800,000?—A. That is correct.

Q. Then, there is the sum of \$7,750,000 here which the company agrees to pay to the corporation. What about that?—A. You will recall yesterday in my evidence some reference was made to the security which was raised behind the collateral bonds. It was remarked that the security consisted of equal par value of second mortgage bonds of the Beauharnois Light, Heat and Power company. I explained I knew of that; there had been created an indebtedness, the purpose being that the Light, Heat and Power Company should be indebted to the power corporation in the sum of \$30,000,000 which was the indebtedness of the power corporation to the public; \$22,250,000 and \$7,500,000 constitutes the \$30,000,000 indebtedness.

Q. Well then, in effect, of the \$30,000,000 bonds sold, the Power company received \$27,000,000?—A. That is true, sir.

Q. They paid out of that, \$22,500,000 to the Light, Heat and Power Company?—A. Yes.

Q. Leaving in their treasury \$4,750,000?—A. Not \$4,750,000.

Q. Not \$4,750,000?—A. No.

Mr. LENNOX: \$4,750,000?

The WITNESS: \$22,250,000.

Mr. WHITE: I beg your pardon. \$4,750,000. Then they got back \$3,800,000 of the proceeds of those bonds?—A. No, they did not, sir. I am afraid we are confusing the two transactions, slightly.

Q. Where else did the Light, Heat and Power Company get the money back, where did the Light, Heat and Light Company get the \$3,800,000 if it was not out of this \$22,500,000 that was got from the Power Company?—A. They got it from the cash which was received from the subscriptions to capital stock.

Q. Then, \$7,700,000, where is that coming from?—A. That was the amount which was paid or given as a certificate or evidence of indebtedness or rather agreed to provide a promissory note or other indebtedness for services rendered. Not only services rendered, but I might add assets transferred as well.

Q. I see?—A. Because there were very substantial assets transferred from the syndicate.

Q. Of the \$22,250,000 which was received, there are \$7,750,000 to come back?—A. I do not think I can agree with you yet, Mr. White.

Q. Why not? Wherein am I wrong?—A. Of the \$22,250,000 received?

Q. Yes. They agreed to pay back \$7,750,000; is not that right?—A. They agreed to turn that over or pay it in; but in fact they would not pay it, of course, because the money is not available.

Q. The evidence of indebtedness is there?—A. And of course, it appears as a book debt just between the two companies.

Q. So, if that agreement on the part of the Light, Heat and Power Company is paid back, in the final result it will have received and retained \$14,500,000

from the issue of the \$30,000,000 bonds,—the Light, Heat and Power Company will have—A. No. I think I prefer if I might express it in this way—

Q. I know?

Mr. JACOBS: We are getting terribly confused, up here, Mr. White. We are lost.

Mr. WHITE: I am endeavouring to help you find yourself.

Mr. JACOBS: That is what you are here for.

*By Mr. White:*

Q. The purpose of the sale of securities by the Beauharnois Power Corporation, obviously was to provide funds for the Beauharnois Light, Heat and Power Company.—A. For the construction of the canal, in other words.

Q. Yes. I want to see how much money was provided for the construction of the canal. I am pointing out to you that after the obligations, which the Light, Heat and Power Company has carried out, all that remains for actual construction purposes out of the \$30,000,000 bonds are \$14,500,000.—A. Well, again I am afraid I cannot agree. The intent was and the facts are that the Beauharnois Power Corporation borrowed the capital sum or created a capital indebtedness of \$30,000,000, for which was received \$27,000,000 in cash.

Q. Yes?—A. That was done for the benefit of the Beauharnois Light, Heat and Power Company. The purpose of this contract is, in effect, that the Beauharnois Light, Heat and Power Company shall assume the capital obligation of the \$30,000,000 and all the charges in connection therewith for its payment of interest to bondholders, the payment of sinking funds when they become due, the money that was borrowed from the public by the power corporation for the benefit of the Light, Heat and Power Company. Now, the Power Corporation is indebted to the public in the sum of \$30,000,000. They assumed that. The Light, Heat and Power Company has become indebted to the Power Corporation for an equal amount. Now, of the \$30,000,000, \$7,250,000 was not available to be advanced in cash, because \$3,000,000 of it was bond discount, \$4,750,000—

The CHAIRMAN: That also went to Newman, Sweezey and Company?—A. No sir, it didn't go to anybody.

Q. The bonds were sold?—A. The bonds were sold on 90 per cent of the par value.

*By Mr. White:*

Q. Sold by Newman, Sweezey and Company, and the National Trust Company, is what the chairman says.—A. With your permission, I was not in the bank business at that time, and evidence with respect to the particulars, on which the bankers sold, or what profits the bankers may have made, or what losses they may have made, is available, and with your permission I prefer it come from somebody else.

Q. Are you trying to tell us you do not know at what price the brokers sold your securities?—A. I am, most certainly, Mr. White.

Q. All right. We will accept your evidence.

Mr. JACOBS: The company got 90.

The WITNESS: The company got \$27,000,000 cash.

Q. Out of the bonds?—A. Out of the bonds.

Q. That is what we are interested in.

*By the Chairman:*

Q. You say the company got \$27,000,000 for \$30,000,000 worth of bonds? Is that correct?—A. No sir.

Q. Let me put it this way; the company created a liability of \$30,000,000.  
—A. Yes sir.

Q. For which they received \$27,000,000?—A. That is true, sir.

Q. How much of the \$27,000,000, when the various transfers or various distributions of money were made out of the \$27,000,000, how much was actually left in the treasury of the Beauharnois Power Company to be devoted to the actual building operations and construction work?—A. Now, I understand, by that, while a sum of money was left in the treasury of the power corporation after the power corporation had purchased the assets of the Beauharnois Power syndicate—

Q. I am not concerned with what they did with any portion of the \$27,000,000 other than what was left for the Power Corporation to vote to the building and construction of the canal.—A. Well—

Q. How much?—A. You will excuse me. I am afraid I must make a slight distinction, because part of the \$4,750,000 that was used to purchase the assets of the Beauharnois Power syndicate went into the construction. Now, after the assets of the Beauharnois Power Syndicate had been purchased, there remained \$22,250,000, which was advanced to the Beauharnois Light, Heat and Power Company for the purpose of constructing this power plant which, it would be incorrect for me to say that that is all the money that went into the construction of the power plant.

*By Mr. White:*

Q. Not all?—A. \$22,250,000.

Q. The Light, Heat and Power Company agreed to pay back to the Power Corporation, \$7,750,000 for services rendered?—A. No, Mr. White. If you will read it as I do, in effect after that—

Q. I do not want to read it as you do, I want to read it as it is.

MR. LENNOX: Let Mr. Griffith tell us what it is for.

THE WITNESS: For the \$22,250,000 cash and those other assets transferred the Beauharnois Light, Heat and Power Company agreed at some future date to pay back the sum of \$30,000,000. That is the amount which the power corporation owes to the public, and for which they became indebted on the account of the Beauharnois Light, Heat and Power Corporation.

MR. LENNOX: Mr. White says there were seven million odd paid back.

MR. WHITE: Agreed to be paid back.

MR. LENNOX: For services. What do you say about that?

THE WITNESS: No, not purely for services, Colonel Lennox.

*By Mr. Lennox:*

Q. That is what Mr. White says.—A. It is for all those considerations enumerated. Some was services and some was assets.

*By Mr. White:*

Q. But, Mr. Griffith, the prices agreed upon as between the syndicate and the power corporation was \$4,750,000.—A. That is right, sir.

Q. And after that the syndicate agreed to transfer all their assets to the Power corporation, did they not, for a sum of money and certain shares?—A. They did, yes.

Q. So that we have that transaction cleaned?—A. No, it is not sir, because the Power Corporation here agreed to transfer to the Light, Heat and Power Company all of the assets that it would receive except the shares of the Light, Heat and Power Company itself, to take a million dollars' worth of real estate, which might be a good deal more than that, that came into the Light, Heat and Power Company in this agreement.



Q. Included in the \$4,750,000?—A. Yes.

Q. So that of your \$27,000,000 the Power Corporation retains \$4,780,000 in respect of the assets which they purchased from the syndicate and to cover the purchase price?—A. Quite.

Q. Is that right?—A. That is right.

Q. Leaving \$22,500,000—

Mr. LENNOX: Just a moment there. When the payment of \$4,750,000 was made, it was made to the company—

Mr. WHITE: To the syndicate.

Mr. LENNOX: To the syndicate, I should say. Was there any further indebtedness, or did that cover everything?

Mr. WHITE: Indebtedness to the syndicate?

Mr. LENNOX: Yes.

The WITNESS: No, there was no further indebtedness. If I may be permitted, there were certain liabilities which the syndicate had to finance.

*By Mr. White:*

Q. But you are under no further obligation?—A. No, that was a complete discharge to the syndicate.

*By Mr. Lennox:*

Q. So that you start fresh there?—A. We started fresh with the Power Corporation having paid \$4,750,000—

Q. And their liability?—A. Yes, all their liabilities to the public in the sense of bank loans.

Q. Here is what is puzzling me: If what you say is correct, that \$4,750,000 was sufficient to create a complete discharge why should any further money be paid to them?—A. To whom, sir?

Q. To the Syndicate.—A. No further money was paid.

Q. To the company, to whom those \$7,000,000 were paid— —A. If you will let me try again: The Beauharnois Power Syndicate which Syndicate over a period we know of two or three years was the owner of the Beauharnois Light, Heat & Power Co., had raised a substantial amount of capital of its own, and through the sale of part-interests, and then later borrowed money from the banks in order to go on with its work, and it acquired a number of assets. It acquired real estate; it acquired the shares of the Beauharnois Light, Heat & Power Co., by paying the Roberts, and it acquired engineering work and other assets. Now, on December 17, 1929, that was the position. The Syndicate was the owner of these assets. When I use the date December 17, that is the date on which the transactions were consummated which are spread out in this agreement.

Q. That is, when the Syndicate assets were distributed?—A. Yes, and it is also the date on which the Syndicate sold all of its assets to the Beauharnois Power Corporation, and sold them for the sum of \$4,750,000. So the Syndicate then is out of the picture altogether and the Power Corporation remains as being the owner of all of the assets of the Syndicate. It then transfers to the Beauharnois Light, Heat and Power Company, which has become its child, because it owns all the shares, it transfers to the Light, Heat and Power Company, everything that it bought to the Syndicate except the shares of the Light, Heat and Power Company, and the shares of the Construction Company; but everything else, the benefit of the engineering work and the real estate.

*By the Chairman:*

Q. And the goodwill?—A. And the goodwill, and these contracts which had been obtained, and guarantees which had been given, and the general work

and activities, everything the Syndicate had done went to the Light, Heat and Power Company. It also agreed to advance to the Light, Heat and Power Company all the monies that it would have left from the sale of these bonds after it had paid for the assets that it had bought, and the money it had left was \$22,250,000.

Q. And what did you do with it?—A. What did the Light, Heat and Power Company, do with it.

*By Mr. Lennox:*

Q. What became of the \$22,000,000 odd?—A. You saw that at Beauharnois. It has been spent on the work.

Q. What, the \$22,000,000 odd?—A. Yes.

*By Mr. White:*

Q. Well, there is the agreement of the Light, Heat and Power Company, to pay back to the corporation?—A. There is under this agreement the obligation of the Light, Heat and Power Company, to pay back to the Power Corporation \$7,750,000 plus \$22,250,000.

Q. I have been at this for half an hour trying to find out what you are paying that for.

Mr. MONTGOMERY: Just let him finish his answer.

Mr. WHITE: I know, but I am getting tired of listening to these long answers. They are not answers to questions at all.

Mr. MONTGOMERY: I protest against that, Mr. Chairman, Mr. White does not listen to what the witness says, but puts another question right in the middle of the witness's answer.

Mr. WHITE: I did not come here to listen to speeches by Mr. Griffith. I came to ask questions and I expect answers to them.

Mr. JACOBS: He was just about to answer when counsel interfered.

Mr. WHITE: I think not, Mr. Jacobs.

Mr. JACOBS: Well, I was beginning to get a little light, now I am in the woods again.

Mr. LENNOX: We are back to where we started. What we want to know is what became of the \$7,000,000 odd which was to be paid back.

Hon. Mr. MACKENZIE: It is a book debt.

The WITNESS: It is a book debt. As a matter of fact, to-day there is a book debt of \$30,000,000.

*By Mr. Lennox:*

Q. But why should it be paid back? You say there is an agreement that it should be paid back. What is the consideration for it?—A. The consideration is the cash advance of \$22,250,000 and the transfer of the assets from the Syndicate. The purpose is this: The Power Corporation was to pay \$3,000,000 out of the entire proceeds received from that bond issue to the business and affairs of the Beauharnois Light, Heat and Power Company, and it seemed to us proper that the Light, Heat and Power Company, should be indebted to the Power Corporation in an equal amount. If it is not, and if that money is not paid back in some way, how is the Power Corporation going to discharge its liabilities to the public. We must have some security behind the obligation to the public, and that security is the shares of our subsidiary company and the indebtedness of the subsidiary company in a like amount.

*By the Chairman:*

Q. What did the Power Corporation represent to the public as being the security behind the bonds?—A. Just as I have described it. I think we can find it in a circular.

Q. Let me have the circular. If there is a comprehensive circular probably I can find it out faster.

Mr. JACOBS: If you will permit me, Mr. Chairman, the \$22,000,000 that was still left was used, you say, on the work that we saw down at Beauharnois.

The WITNESS: Yes, Mr. Jacobs.

Q. And then there is another \$7,000,000, as I understand it, which comprises the \$3,000,000 discount on the sale of the bonds.—A. Yes.

Q. And the other \$4,000,000 of assets, and so on which they took over from the Syndicate.—A. That is right, sir.

Q. That makes up the \$30,000,000.—A. That makes up the \$30,000,000.

Q. Now, Mr. White spoke about another \$7,000,000 which he suggested was about to be or had been abstracted from the \$22,000,000. Can you give us any light on that?—A. I am afraid I cannot.

Q. Which would only leave \$14,000,000 to the company for its operations.—A. I do not think that is what Mr. White meant, with all due respect to you, Mr. Jacobs.

The CHAIRMAN: Mr. White was talking of another \$7,000,000.

Mr. WHITE: May I state my position?

Mr. LENNOX: Mr. White suggested there was only \$14,000,000 went into the company.

Mr. WHITE: I have been misunderstood, I think. Let me read this resolution so that we may know exactly what the situation is.

Mr. STEWART: This is an agreement between?

Mr. WHITE: This is an agreement between the Beauharnois Power Corporation, called the corporation and the Beauharnois Light, Heat & Power Company called the Company. Clause 8 reads as follows:—

The Company at or before the execution hereof has paid to the Corporation the sum of Three million eight hundred thousand dollars (\$3,800,000) the receipt whereof is hereby acknowledged by the Corporation, and the Company hereby undertakes and agrees to pay to the Corporation the sum of Seven million seven hundred and fifty thousand dollars (\$7,750,000) in such amounts and at such times and from time to time as may be demanded by the Corporation, and to deliver to the Corporation one or more promissory notes or other evidences of indebtedness representing the said indebtedness of Seven million seven hundred and fifty thousand dollars (\$7,750,000) payable on demand or at such other time or times as the Corporation may require.

That is, the \$3,800,000 which was paid for the shares of the Beauharnois Light, Heat & Power Co., in other words, the money which was paid into the treasury of the Light, Heat & Power Company was paid back by the Light, Heat & Power Company to the Power Corporation; so that these two accounts balance, and the consideration for the issue of the 38,000 shares, is it—

The WITNESS: Yes, 38,000.

Q. —38,000 shares for which the Power Company subscribed in the Light, Heat & Power Company is the work and plans and intangibles which were transferred to the Light, Heat & Power Co.

The CHAIRMAN: By the Syndicate?

Mr. WHITE: No, not by the Syndicate.



Mr. LENNOX: By whom?

Mr. WHITE: By the Power Corporation. They say that they had certain plans and certain things, and they had done certain things and rendered certain services, and for that they got \$3,800,000 which they had paid in cash for the 38,000 shares of the Light, Heat & Power Company. In other words, in effect, when the transaction is completed the 38,000 shares were issued for what is commonly called goodwill.

Then in addition to that:—

The Company hereby undertakes and agrees to pay to the Corporation the sum of Seven million seven hundred and fifty thousand dollars (\$7,750,000) in such amounts and at such times and from time to time as may be demanded by the Corporation, and to deliver to the Corporation one or more promissory notes or other evidences of indebtedness representing the said indebtedness of Seven million seven hundred and fifty thousand dollars (\$7,750,000) payable on demand or at such other time or times as the Corporation may require.

Now, will you observe, please, that the consideration for that agreement to pay that \$7,750,000 is not set out in this agreement, and that is why I am trying as best I may to find out from Mr. Griffith what the actual consideration for that promise to pay was, and I have not succeeded yet. He tells the committee that the corporation, that is, the Power Corporation had agreed to finance and that this evidence of indebtedness was one of the things which was security for the bonds or stood behind the \$30,000,000 issue of bonds.

Now, as the Power Corporation owned all of the shares of the Light, Heat & Power Co., and retained them, obviously the promise to pay \$7,750,000, if it were a valid promise, reduced the value of those shares by exactly \$7,750,000.

The CHAIRMAN: That seems obvious.

Mr. WHITE: So that that cannot have been the reason because that asset which was pledged as the real security for this was, by this very resolution, reduced in value \$7,750,000. This resolution might as well be wiped out now. I suggest to Mr. Griffith now that there was some other reason for it, and I would like to know what it is.

The WITNESS: Well, Mr. Chairman, I can only say there was no other reason for it.

Mr. WHITE: Well, all right, leave it right there as far as I am concerned.

*By Mr. Lennox:*

Q. Does the Power Company look for payment of that amount at some future time?—A. Yes, it does, prior to 1959.

*By Mr. White:*

Q. Then perhaps you will suggest, Mr. Griffith, if that is the case, where the Light, Heat and Power Co., is going to get the \$7,750,000.—A. Why, there are a number of places where it may get it. It may after 30 years of operations have something out of earnings. It may clear it up by the issue of some securities in the future.

Q. Bonds, for instance?—A. They may be bonds.

Q. For instance, I said.—A. For instance.

Q. I mean, I suggest to you that if you issue bonds for the purpose of paying this back you thereby reduce the value of the shares which the Power Corporation owns of the Light, Heat and Power Company.

The CHAIRMAN: The danger of that would be, I should think, if you issue bonds of the Beauharnois Light, Heat and Power Co., for any purpose you

are then imperilling the security that is behind the \$30,000,000 bond issue that is now in the hands of the public.

The WITNESS: Well, Mr. Chairman, in this circular and in our trust deed, there are certain restrictions laid down as to the number of bonds which the Beauharnois Light, Heat and Power Co., may issue. Those restrictions, of course, will not exist after this \$30,000,000 has been repaid. But until it is repaid there is a limitation, and very properly, in the amount of bonds which may be issued by the Beauharnois Light, Heat and Power Co.

*By Mr. White:*

Q. \$50,000,000, is it not?—A. It is set out very carefully in the Trust Deed, and I think perhaps I should have the Trust Deed available for further discussion.

The CHAIRMAN: I presume you call this a prospectus, the kind of a thing at any rate that brokers send to people who might be induced to buy.

Mr. WHITE: I wonder if I might have one of those.

*By the Chairman:*

Q. The first thing that you say in this with respect to security is:—

The collateral trust bonds are to be secured by a first fixed and specific charge on all the shares at any time outstanding of Beauharnois Light, Heat and Power Company, Beauharnois Construction Company, Beauharnois Land Company and Beauharnois Transmission Company, on any shares of any other corporation acquired with the proceeds of the Collateral Trust Bonds and on the principal of other corporation acquired with the proceeds of the Collateral Trust Bonds, and on the principal of all indebtedness in favour of the Corporation arising from the application of the proceeds of the bonds, and also by a first floating charge on the undertaking, property and assets, present and future, of the Corporation. The first fixed and specific charge on the shares of such companies is not to prevent the issue by any of such companies of bonds, debentures or other securities or other evidences of indebtedness but the issue of such bonds, debentures or other securities by Beauharnois Light, Heat and Power Company is to be permitted only:

That is the first security behind that \$30,000,000 issue of bonds at present in the hands of the public. Now, in the repayment to the Beauharnois Power Corporation of any moneys, you suggest that it might be repaid by a bond issue of the Beauharnois Light, Heat and Power Co., and I suggest to you that that would be an unfortunate thing because it would, to that extent at least, imperil the repayment of the \$30,000,000 bond issue in the hands of the public. I may be quite wrong about that.—A. Mr. Chairman, I only suggested that the repayment might be completed through the sale of securities, possibly bonds, in which event this \$30,000,000 bond issue will be repaid to the public.

*By Mr. Jacobs:*

Q. And a new bond issue created?—A. A new issue created. But the remarks in respect to this issue of bonds, will not they be applicable, because the bonds will have been repaid and cancelled.

Mr. WHITE: That cannot be the case because right in this very circular there is this statement:

It is proposed that Beauharnois Light, Heat & Power Company shall issue in due course bonds, debentures or other securities in such principal amounts (estimated at \$50,000,000) as its Directors may from time to time consider sufficient.

Mr. JACOBS: That would not affect the first mortgage security. These are subsequent securities which would have to be issued only after the first securities have been taken care of.

The WITNESS: The Beauharnois Light, Heat & Power Company will require those securities for two purposes possibly, the first purpose being to secure enough funds to complete its work. The second purpose, which is not contemplated—but which I just suggest—would be to secure funds in order to effect the repayment of this bond issue.

*By Mr. White:*

Q. But there is no such obligation.—A. No, but I was asked how the Beauharnois Light, Heat & Power Company would repay to the Beauharnois Corporation the money required to redeem these bonds, and I suggest it might be done through the sale of securities.

Q. Now, the purpose of the issue of the \$50,000,000 of bonds of the Light, Heat & Power Co., is also set out here, and it does not say or suggest that it is for the purpose of repaying this \$7,750,000; but it does say that it is to complete the installation of 500,000 horse power. However, there we have it.

The CHAIRMAN: A copy of this is put in as an exhibit, is it not?

Mr. WHITE: Not yet.

The CHAIRMAN: Then this prospectus will be Exhibit No. 71.

Mr. WHITE: Then clause 13 of this agreement—

The CHAIRMAN: Just before you proceed, Mr. White, if Mr. Montgomery would be so kind or good enough to give us his view as to what is going to happen in connection with this \$7,000,000, if it is going to be paid back, if it was ever intended to be paid back, and what form will it take?

Mr. MONTGOMERY: Well. I am speaking largely from what I have heard here this morning. I have not had anything to do with that. I am not the solicitor of the company.

The CHAIRMAN: So that you will not think I have any sinister motive in asking you, I may say that I was prompted to do so by my friend Mr. Jacobs.

Mr. MONTGOMERY: It seems quite evident that the Beauharnois Power Corporation owning 100 per cent of the Beauharnois Light, Heat & Power Co., borrowing those moneys for its benefit, instead of making one issue bonds of the Beauharnois Light, Heat & Power Company made a collateral trust bond issue first. They split the thing in two portions. They secure the money by direct bond issue upon the Beauharnois Light, Heat & Power Company, upon its assets. All those moneys are borrowed for the construction of the plant, and obviously the company that owns the plant will have to repay the moneys. There is a discount of \$3,000,000 on the sale of the bonds, and \$4,000,000 went to pay for the rights that were acquired. There has to be an evidence of indebtedness on the part of the Beauharnois Light, Heat & Power Company, and apparently there is a difference between the \$30,000,000 and \$22,000,000.

Now, the moneys to be paid of course, are provided for by a sinking fund, in part at least. I have not figured just how far that sinking fund provision retires the balance; but if there is a balance at the end of the period why the thing will be paid, or a new bond issue made for the purpose of refunding this debenture issue.

The CHAIRMAN: Did you gather from Mr. Griffith's evidence the reason why the Beauharnois Power Corporation still hold the Beauharnois Light, Heat & Power Co. to the repayment of this \$7,000,000.

Mr. MONTGOMERY: Why, because I think Beauharnois Light, Heat & Power Co. is a source of revenue, and they will repay the \$30,000,000 debenture issue through the holding or owning company.



The CHAIRMAN: The Beauharnois Light, Heat & Power Co., it is anticipated, will ultimately pay to the Beauharnois Power Corporation or repay to the Beauharnois Power Corporation a total of \$30,000,000 plus the accrued interest from time to time.

Mr. MONTGOMERY: As required for the extinction of these debentures. I might say that Mr. White is in the room and he can explain that.

Mr. WHITE: Just while you are there, Mr. Montgomery: As I read the whole of this agreement, is it not contemplated that the profit by the sale of electricity will be made by the Transmission company?

Mr. MONTGOMERY: As I gathered it from the evidence here that was one of the differences of opinion between Mr. Jones and Mr. Sweezey and the Dominion Securities as to whether all the moneys should be raised by a direct issue of Beauharnois Light, Heat and Power Company bonds, or whether they should adopt this scheme of dividing it in two.

The CHAIRMAN: Is it only to be divided in two under this scheme?

The WITNESS: Yes, Mr. Chairman.

The CHAIRMAN: Or will there be a progression of money raising efforts as the money may be required from time to time?

Mr. MONTGOMERY: Well, I cannot tell you that. I fancy, however, with the bond issue stipulated there, that they will create such portion of it as they think is required for the completion of the plans.

The CHAIRMAN: That is, on the security of the bonds of the Beauharnois Light, Heat and Power Company.

Mr. MONTGOMERY: Yes, precisely. You see, that is on the third page, you will find a reference to it there. It has just the same effect exactly as if they had followed the scheme propounded by Mr. Jones of a direct first issue instead of doing it by Collateral Trust Bonds.

The CHAIRMAN: Mr. Jones' idea was to anticipate the total requirements of the Power Corporation and make one issue so that all the money would be made available before the project was commenced.

Mr. MONTGOMERY: And that one issue would have been to the Beauharnois Light, Heat and Power Company.

The CHAIRMAN: Backed up by its assets.

Mr. MONTGOMERY: At that time a direct first mortgage issue on all its assets.

The CHAIRMAN: Mr. Sweezey's plan was to from time to time, and through the various companies, the agency of the various companies to feed the bonds out to the public in pathological doses.

Mr. MONTGOMERY: Well, not exactly that. You see, it was to reserve the right, in the first place; they did not want all the money at that time. That is quite clear. Mr. Jones said even at the loss of interest he would like to see it all there; and to avoid having to put up \$50,000,000, we will say, or \$60,000,000, or whatever was required they created a junior issue first of \$30,000,000 which leaves them obviously in a very much stronger position to put out a senior issue.

Mr. JACOBS: This is a junior issue.

Mr. MONTGOMERY: Which they sold first.

Mr. WHITE: In what respect is my learned friend using the word "junior issue"?

Mr. MONTGOMERY: Obviously it is a junior issue of Collateral Trust Bonds with a reservation.

Mr. WHITE: It is only senior so far as the assets of the Beauharnois Light, Heat and Power Company are concerned.

Mr. MONTGOMERY: A Collateral Trust Debenture issue reserved the right to create a first mortgage charge, and that is the thing which constitutes the security. This reserved the right to acquire, and is a direct first mortgage on the properties, to complete the construction. It is obviously a junior security, because first mortgage bonds on the property behind the shares will be subject to a mortgage.

Mr. WHITE: In that sense my learned friend is perfectly correct. But there is another suggestion in regard to this.

Mr. MONTGOMERY: What I want to make clear is that it makes absolutely no difference to the Beauharnois Light, Heat and Power Company as regards their liability as to whether they put up this security direct for the whole thing, according to the Jones' plan, or whether it is divided into junior first and senior afterwards. They are liable to the amount of indebtedness to the public.

Mr. JACOBS: The point that is a little bit puzzling to me, Mr. Montgomery, was the insinuation made to Mr. White, which may be correct, that \$7,750,000 of money which is being raised out of this first bond issue, or this issue already put out, is in some mysterious way to disappear, and that the Beauharnois Light, Heat and Power Company, is not going to have the benefit of it.

Mr. MONTGOMERY: Oh, no.

Mr. JACOBS: I gathered that.

Mr. MONTGOMERY: I do not know whether Mr. White meant that or not.

The CHAIRMAN: Mr. White was reading from the record and those records leave it open to the suggestion.

Mr. JACOBS: It certainly gave me that impression.

Mr. MONTGOMERY: Obviously the company has to take care of that gap between the \$22,500,000 that they have received and \$7,750,000 which has to be paid to the public. My thought was that there should be some evidence of indebtedness.

Mr. JACOBS: I have the idea that there is \$7,500,000 between the \$22,500,000 and the \$30,000,000, and another \$7,500,000.

Mr. MONTGOMERY: No, no. I do not think Mr. White meant that.

Mr. WHITE: That is correct.

Mr. MONTGOMERY: What, in addition to the \$30,000,000.

Mr. WHITE: That is the situation.

Mr. MONTGOMERY: That is absolutely not correct.

Mr. WHITE: Of the \$30,000,000, \$3,000,000 were absorbed in the—

The CHAIRMAN: Were dissipated.

Mr. WHITE: By way of discount. I say absorbed Mr. Chairman. \$4,750,000 went to the payment of the Syndicate assets. That is \$7,750,000. Now, that has gone, and that is the \$7,500,000 referred to here which has to be paid back. I have just one suggestion in regard to it. You will remember that at the time this agreement was drawn it was contemplated that the Beauharnois Light, Heat and Power Company would be entitled to take a contract on a cost plus basis, that is cost plus  $12\frac{1}{2}$  per cent.

The WITNESS: The Construction Company.

Mr. WHITE: The Construction Company, and it may be possible that that may have something to do with this feature.

Mr. MONTGOMERY: Mr. White, if you would not mind examining your namesake Mr. White, he will clear it up and do it much more satisfactorily than I can.

The CHAIRMAN: We will adjourn until 2.30.

The Committee adjourned at 1 p.m. to resume at 2.30 p.m.

## AFTERNOON SESSION

On resuming at 2.30 o'clock.

Mr. WHITE: Mr. Chairman, Mr. Lennox told me that Mr. Arthur White of the Dominion Securities was here, and desires to say something to the committee in connection with this matter we are discussing. It suits me, if it is the pleasure of the committee, to have Mr. White make a statement now.

Mr. MONTGOMERY: I understand what he really wanted was to be given an opportunity to make a statement on everything, and to get away.

Mr. WHITE: Oh well, that is rather different.

Mr. MONTGOMERY: I misunderstood the matter, myself.

Mr. LENNOX: Probably you can examine Mr. White later.

Hon. Mr. MACKENZIE: Don't you think we should clear up this point we were discussing before lunch?

Mr. WHITE: Will to-morrow suit your convenience, Mr. White? We shall endeavour to suit your convenience in that way.

Just in connection with this matter that we were discussing. It seems to me to have clarified itself in my mind, and perhaps I shall be able to make a statement in regard to it which will meet with the views of counsel.

A bond issue of \$30,000,000 of the power company, and a discount of \$3,000,000 making \$27,000,000 received by the power company. Of that, \$4,750,000 went to the syndicate to purchase the syndicate assets, leaving \$22,500,000 in the treasury of the power company as the net residue of the sale of the bonds. That \$22,500,000 was paid over to the Light, Heat and Power Company as a loan and the transaction might well end there if it were not for the fact that in order to create—as Mr. Montgomery points out is all the same thing anyway: that is, the bond company owns 100 per cent of the power company, the bond issue in the first place might well have been an asset of the Light, Heat and Power Company, that \$30,000,000, that corporate asset would have been \$30,000,000—in order to create the situation by which there is an obligation on somebody's part to the power company to the extent of \$30,000,000. This evidence of indebtedness is set out in this agreement. By adding to the \$22,500,000, which was actually received by the company, seven and a half million dollars, it makes thirty millions. That should be qualified in this way, and I propose to ask Mr. Griffith in a moment or two about these transactions. Out of these moneys somewhere came \$3,800,000. In the first place, the power company purchased from the Light, Heat and Power Company for cash, 38,000 shares, and paid \$3,800,000 in cash, according to the corporate record. That money was returned to the power company by the Light, Heat and Power Company according to this agreement, and as has already been pointed out more than once, the shares of the Light, Heat and Power Company were issued to the power company practically for good will and intangibles. It really does not matter, because it is a 100 per cent subsidiary.

The CHAIRMAN: Thirty-eight thousand is a cross entry.

Mr. WHITE: Yes.

Mr. FORSYTHE: That is hardly correct, Mr. White, that it came out of the cash, because it is really a cross entry in the books, that is all.

Mr. WHITE: The point is that the principal asset of the power company upon which these bonds are based is the stock which was set out as a liability and cross entry, if you like, of \$3,800,000.

The CHAIRMAN: Where does the \$3,800,000 come from to pay for the Light, Heat and Power Company's 38,000 in stock?



Mr. WHITE: Probably the transaction is a book-keeping transaction.

The CHAIRMAN: It never was paid?

Mr. WHITE: I do not suppose so.

Mr. MONTGOMERY: It was a cross entry.

Mr. FORSYTHE: Mr. White, they exchanged cheques, it is really the same as a cross entry.

Mr. WHITE: That \$3,800,000 of the Light, Heat and Power Company was issued, as I say, in consideration really of the good will and intangibles. Then, in addition to that, it should be pointed out at this stage, of the \$4,700,000 that was paid to the syndicate, there was a very considerable profit to the syndicate members, and as to that, I shall have to ask Mr. Griffith. I propose to ask him what the gross amount of that profit was. We can easily figure it out, but it would be more convenient to have it in that form. We all agree that is a fair statement of the situation.

Mr. FORSYTHE: I think so.

Mr. STEWART: Are all of the shares of the Beauharnois Light, Heat and Power, the 38,000, common?

Mr. WHITE: I think 2,000 originally issued to the Roberts, which came over to the syndicate through the Sweezey option or agreement, whichever it is; that is correct, is it not, Mr. Griffith?

The WITNESS: Yes, Mr. White.

Q. So the total issue of the Light, Heat and Power Company is 40,000-\$100 par shares, of which the power company acquired 38,000 shares under this agreement, as I have indicated, and 2,000 shares from the syndicate, which the syndicate had acquired from Robert; that is correct, Mr. Griffith?—A. That is right, sir.

Q. I am making it clear to you?

Hon. Mr. MACKENZIE: Quite clear.

Mr. JACOBS: All that the company would be obliged to pay the Light, Heat and Power Company is \$30,000,000.

Mr. WHITE: That is their total undertakings to the company. When I say "total" I mean total receivable of the power company as against the Light, Heat and Power Company.—A. That is right, Mr. White.

Q. Mr. Griffith, what was the total profit made by the syndicate?—A. I have a statement of that.

Q. May I have it?—A. Mr. Collins, have you the statement of the syndicate profit? The two auditors sent one.

Mr. COLLINS: It is not here.

The WITNESS: Can you have them sent up from the hotel?

Mr. COLLINS: Yes.

The WITNESS: I may say this, it is the difference between the cash profit, \$3,750,000 and \$1,761,000. The difference between \$3,750,000 and \$1,761,000.

Mr. WHITE: That is the total?—A. Cash profit.

Q. Received?—A. I think I have—

Q. Just a moment. The total received by the syndicate from its members, the total amount paid in was \$1,760,000, as you told us yesterday?—A. I believe the chairman put a question mark opposite the \$200,000.

*By the Chairman:*

Q. Yes?—A. I said that the syndicate had received, both syndicates taken together had received \$1,761,000 in cash, and I said that I thought you qualified that with a question mark at the \$200,000.

*By Mr. White:*

Q. I have just forgotten what the \$200,000 were?—A. The value placed on the Sterling shares.

Q. Oh, yes?—A. So, if we take that \$1,761,000 the syndicate members received and divide \$3,750,000.

Q. In money?—A. In money.

*By Mr. Lennox:*

\$3,000,000?—A. \$3,750,000.

Mr. WHITE: That is \$1,989,000.

Hon. Mr. MACKENZIE: That is right.

The WITNESS: Yes.

*By Mr. White:*

Q. In addition to that?—A. Received one million in par value shares.

Q. Which would be additional profit?—A. Additional profit.

Q. And at \$5 per share, that would be \$5,000,000, and at \$10 a share, would be \$10,000,000?—A. Right; it would depend at whatever you value the shares.

Mr. LENNOX: That is net profit.

Mr. WHITE: \$1,989,000 net profit, in money.

*By Mr. White:*

Q. Well, it is \$1,989,000 net profit in money, and these shares which are selling we are told to-day,—have they gone down again to-day?—A. I have not heard, Mr. White.

Q. They were selling at \$5.50 yesterday or thereabouts?—A. I think I should point out that this statement which I have agreed to produce will clarify that to some extent, because in addition to the cash paid in very heavy liabilities were assumed.

Q. From which the persons who were liable have been released?—A. Since that date. But at the time that the profit was made those liabilities did exist.

Q. We are not discussing, as I understand it now, the righteousness or unrighteousness of making the profit. I am just endeavouring to find out what it is?—A. I just wish to have the record clear on it, that is all.

Q. And that would be, at \$5 a share, \$6,989,000 on an investment of \$1,761,000. Do you recognize this as a copy of a statement signed by you on behalf of the Beauharnois Power Corporation Ltd., on the 31st March, 1930?—A. I think it is. I did not compare it, but I imagine it is.

Q. As of the 31st March, 1930. That purports to be a copy of the annual summary as of the 31st March, 1930, of the Beauharnois Power Corporation?—A. Yes.

Mr. JACOBS: Was that to the bank or to the Income Tax Department?

Mr. WHITE: Neither. This one is probably correct. It was neither for the purpose of obtaining credit or evading taxes.

Q. There is an item here "discount on bonds \$3,770,000." What is the meaning of that?—A. The item of discount of \$3,770,000 is arrived at by adding together the \$3,000,000 which is the difference between the \$30,000,000, the actual liability, and the \$27,000,000 received and the book value of \$1 per share which was placed on the 770,000 shares which were purchased by the bankers.

Q. I think we all understand it. I was proceeding with paragraph 13 of this agreement:

The Company hereby undertakes and agrees to enter into an agreement with said Beauharnois Transmission Company granting to the

latter the option to purchase from time to time at fifteen dollars (\$15) per horse-power per annum any of the Company's available electric power which at the time of the exercise of such option is not sold or contracted to be sold.

Then there is a question about absence of warranty. By the way, just before we leave that, and so that we may have this picture a little more clear in our mind, the contracts with the Hydro Electric Power Commission of Ontario and with the Montreal Light, Heat and Power Company are made with what company?—A. The Beauharnois Light, Heat and Power Company.

Q. The Beauharnois Light, Heat and Power Company?—A. Yes.

Q. So that whatever revenue accrues in respect to those contracts, or from the sale of power generally, will accrue to the Beauharnois Light, Heat and Power Company?—A. That is right.

Mr. CANNON: Has that contract been produced?

Mr. WHITE: Well, the Chairman saw it. It has not been filed though, that is what you mean, Mr. Cannon. You were looking at it Mr. Chairman. I do not know whether there is anything of importance in it.

The CHAIRMAN: I did not recognize anything in it that would assist the committee. It is a contract for the sale of so much electrical power at \$15 a horse power.

Mr. WHITE: At 85 per cent load factor.

Mr. CANNON: If my learned friend wishes to discuss the contract I think it ought to be before the committee. We cannot discuss the document without having it before us.

The CHAIRMAN: What was the question, Mr. White?

Mr. WHITE: I was going on with these Minutes.

The CHAIRMAN: If it arises we can get copies of it, I presume, if anything turns on it.

Mr. WHITE: There is no difficulty about filing it if it is of any use to the committee.

The CHAIRMAN: There is no use cluttering up the record with a lot of documents that we know the substance of. If it was incorporated in the record I seriously doubt if any member of the committee—and I sure none of the counsel—would understand it. It goes into the business of kilowatt hours, and so on. However, if it appears to be of any importance later on it can be produced.

Hon. Mr. MACKENZIE: The members of the committee might be permitted to see it privately.

The CHAIRMAN: There is nothing in it that I can see that would be of any assistance to the committee, but I do not think we should encumber the record with a long contract the substance of which has just been stated.

Mr. JACOBS: What is the date of that contract?

The CHAIRMAN: It is dated 28th February, 1929.

Mr. WHITE: Then we go on to the Minutes of a meeting of directors of the 3rd of February, 1930, the Beauharnois Light, Heat & Power Company. A new set of general by-laws were adopted. I do not suppose we are particularly concerned with them. And on the 3rd of February, 1930, a meeting of the shareholders was held at which that special by-law enacting the general by-laws was approved, including the repeal of the old by-law. Then a general meeting of the shareholders. There were present in person:—



Messrs. R. O. Swezey, L. C. Christie, H. B. Griffith, R. W. Steele, A. L. Caron.

and the following shareholders by proxy:—

The Royal Trust Company, H. B. Griffith.

*By Mr. White:*

Q. How did the Royal Trust Company become interested, Mr. White, as a shareholder?—A. Subsequent to the date of issue of the Collateral Trust Bonds of the Beauharnois Power Corporation the Royal Trust Company became, as trustee for those bonds, the holder for all the shares of the Beauharnois Light, Heat & Power Company other than Directors qualifying shares.

Mr. WHITE: I see. And the following were elected directors at a meeting of the 3rd March, 1930:—

Honourable W. L. McDougald, M.D., Messrs. M. W. Wilson, Aime Geoffrion, J. H. Gundy, J. P. Ebbs, S. Godin, Jr.

Then a meeting of directors was held on the 19th of March, 1930. The directors at this time appear to be:—

Messrs. R. O. Swezey, S. Godin, Jr., G. H. Montgomery, J. H. Gundy, R. A. C. Henry, H. B. Griffith, Honourable Philippe Paradis

*By Hon. Mr. Mackenzie:*

Q. Who is Mr. Godin?—A. He is a director of the Montreal Light, Heat & Power Co. He is in Sir Herbert Holt's office, in the capacity of secretary or otherwise.

Mr. WHITE: He and Mr. Montgomery were inherited through the transaction with the Montreal Light, Heat and Power Co.

The WITNESS: That was part of the goodwill.

Mr. WHITE: That was the goodwill.

The Secretary reported that Messrs. J. P. Ebbs, A. L. Caron and R. W. Steele had ceased to be qualified as Directors of the Company, and that as a result three vacancies existed on the Board of Directors.

And it was then that Mr. Henry, Mr. Montgomery and the Honourable Philippe Paradis were elected.

The CHAIRMAN: What date is that?

Mr. WHITE: March 19, 1930, sir. Mr. Henry was made Vice-President, Mr. H. B. Griffith, Treasurer, Mr. L. C. Christie, Assistant Secretary, and Mr. E. S. Coleman, Assistant Treasurer.

A resolution was passed:

That the President or Vice-President and the Secretary or Assistant Secretary be authorized to conclude and execute an agreement with the New York Centrad . . . . .

Then there is reference to an agreement with the city of Valleyfield with which we are not concerned.

A meeting of directors, 21st of May, 1930, all the directors being present except Mr. Montgomery, when a special by-law "B" was passed in regard to borrowing, which is the usual borrowing by-law and banking by-law, usually matters of form.

And on the 21st of May, 1930, a meeting of shareholders was held, I assume to ratify these special by-laws. And evidently the Board of Directors had been increased, because there is a resolution of that date by which the following are elected as directors:

Honourable W. L. McDougald, M.D., Honourable Philippe Paradis, Mr. R. O. Swezey, Mr. R. A. C. Henry, Mr. Hugh B. Griffith, Mr. A. F. White, Mr. M. W. Wilson, Mr. Aime Geoffrion, Mr. S. Godin, Jr., Mr. J. H. Gundy, Mr. G. H. Montgomery.

The CHAIRMAN: Is this the first time the Hon. Philippe Paradis appears as a director?

Mr. WHITE: No. He was made a director on March 19. Then a meeting on the 21st of May, 1930, with the officers here set out:

President—Mr. R. O. Swezey.

Vice-Presidents—Mr. A. F. White and Mr. R. A. C. Henry.

Secretary-Treasurer—Mr. H. B. Griffith.

Assistant Secretary—Mr. L. C. Christie.

Assistant Treasurer—Mr. E. S. Coleman.

Then there is a banking resolution and signing officers were appointed.

On the 17th of September, 1930, this resolution was passed:

That Mr. F. Stuart Molson be authorized to execute on behalf of the company a deed of agreement. . . .

That is the agreement with the town of Beauharnois, we will not bother with that.

Then on the 15th January, 1931, a meeting of directors, at which were present:

Honourable W. L. McDougald, Honourable Philippe Paradis, Messrs. J. H. Gundy, S. Godin, Jr., H. B. Griffith, M. W. Wilson, G. H. Montgomery.

And a by-law was passed in regard to the issue of some bonds, and the directors were authorized to create an issue of ten-year six per cent first mortgage bonds of the company to the extent of \$20,000,000.

*By Mr. White:*

Q. Has that been done, Mr. Griffith?—A. Yes it has, Mr. White.

Q. Have those bonds been issued?—A. Yes.

Q. They are the ones you referred to yesterday as having been used for the purpose of financing?—A. Yes, sir.

Q. They have not actually been sold but are used as collateral?—A. That is right.

*By the Chairman:*

Q. What security is behind those bonds?—A. They constitute a first charge on all the assets of the Beauharnois Light, Heat & Power Company.

Q. That is, on the assets of the company?—A. A first charge on all the company's assets.

Mr. MONTGOMERY: They will be replaced, of course, when a public issue is made.

*By the Chairman:*

Q. But at the moment they would take priority over anything else?—A. Yes, that is true.

Q. That covered all the assets of the Beauharnois Light, Heat & Power Co.?—A. All of the fixed assets, a floating charge on the other assets.

Mr. WHITE: Then on the 15th of January, 1931, a resolution was passed creating the issue of \$20,000,000 of bonds.

The CHAIRMAN: That is a further issue of \$20,000,000?

Mr. WHITE: No, it is the same issue.

Q. That is right, is it not, Mr. Griffith?—A. That is right.

Q. That was a resolution, the first was, and this is a by-law carrying it out?—A. Carrying out the terms of the by-law.

Mr. WHITE: The third paragraph reads:—

That to secure the payment of the principal and interest of the bonds and other moneys secured thereby, and to secure the covenants of the company in the said Trust Deed, the Company—

(a) Do cede, convey, assign, transfer as security, hypothecate, mortgage, pledge and charge as and by way of a fixed and specific hypothec, mortgage, pledge and charge to and in favour of Montreal Trust Company as Trustee and its successors in the trust for the benefit of the holders of the said bonds, for and with the payment of the principal sum of Twenty million dollars (\$20,000,000) being the aggregate principal amount of the said bonds and interest thereon at the rate of Six Per Cent (6%) per annum, and of the bonds at any time outstanding according to their tenor and interest thereon, and for and with the payment of an additional sum of One million five hundred thousand dollars (\$1,500,000) to secure the due payment of all other sums from time to time due to the Bondholders or to the Trustee; the real and immovable property and rights, and the other rights and assets of the company described in the Schedule contained in the said Trust Deed (the whole being sometimes herein referred to as the specifically mortgaged premises), the whole as specifically set forth in the said Trust Deed.

So that they had everything.

The WITNESS: Mr. White and Mr. Chairman, I hesitate to suggest that any part of our minutes be not read into the record, but the next resolution and I think some further ones deal with our current relationships with some of the chartered banks of Canada as to the extent and nature of current advances and the conditions under which they are being made, and I would suggest that it is not in the public interest to read them into the record. Perhaps Mr. White would have regard to that.

Mr. WHITE: I had no intention of doing so, Mr. Chairman.

The CHAIRMAN: I think Mr. Griffith is right. If any member of the committee cares to see it they are at perfect liberty to do so. It would serve no useful purpose and would be harmful to put it in the record.

Mr. WHITE: Then at page 67:—

The Chairman laid before the meeting a contract which had been entered into on the 19th November, 1930, between this company and the Montreal Light, Heat and Power Consolidated replacing a contract dated the 3rd day of December, 1929, between the same parties and providing for the sale by this company and purchase by Montreal Light, Heat and Power Consolidated of two hundred thousand (200,000) horse-power of electrical power at the rate of fourteen dollars and sixty-five cents (\$14.65) per horse-power, subject to the terms and conditions as set out in the said contract.

After discussion, upon motion duly proposed and seconded, it was unanimously Resolved:—

That the action of the Vice-President and Secretary of the Company in signing the said contract on its behalf be and the same is hereby ratified and approved.

Then on the 18th of February, 1931, at a meeting of directors:—

Reference was made to the fact that this Company had filed an application with the Province of Quebec for grant to it of additional water rights in the Soulanges section of the St. Lawrence River.

It was moved by Mr. M. W. Wilson, seconded by Mr. S. Godin, Jr., and unanimously Resolved:—



That the action of the President and the Secretary in making application to the Lieutenant Governor in Council of the Province of Quebec for grant to Beauharnois Light, Heat and Power Company of additional water rights in the Soulanges section of the St. Lawrence River be and it is hereby approved, and that the President or a Vice-President and the Secretary or Assistant Secretary be and they are hereby authorized to execute on behalf of the Company a lease with the Minister of Lands and Forests of the Province of Quebec containing such terms, conditions and provisions as may be approved by the officers executing the same such approval to be conclusively established by the execution of the said lease by such officers.

Then there are some questions as between the companies and municipalities in regard to roads and so on.

Then a meeting of directors on the 6th of March, 1931:

Resolved: That the Annual Report to the Shareholders as drafted by the President and submitted to the meeting, be and it is approved, and the balance sheet of this company, as submitted to the meeting by the Treasurer of the Company, be and it is approved, and that Messrs. Swezey and Henry, two of the Directors of the Company, be nominated to sign the said balance sheet on behalf of the Board, and that the actions of the officers and employees of this Company during the fiscal year ended December 31, 1930, be and they are approved.

*By Mr. White:*

Q. Could I have that statement, Mr. Griffith, please?—A. The financial statement at the end of the year, yes sir.

Q. Could I have it?—A. Yes.

Q. I suppose there is not one immediately available?—A. No. I imagine Mr. King has that.

Q. Then a modification of the agreement with the Beauharnois Construction Company is mentioned and this was referred to by Mr. Griffith earlier, by which the payment of 12½ per cent payable to the Beauharnois Construction Company in connection with the agreement—the officers are given power to deal with that and I understand that it was cancelled really.—A. That is correct Mr. White.

Q. That is, that the agreement to pay 12½ per cent was cancelled?—A. Yes.

Q. Then there is this minute:

That the action of the officers of the Company. . . ."

The CHAIRMAN: Does that resolution give any reason for its cancellation.

Mr. WHITE: Here is the whole resolution:

That the President or the Vice President and the Secretary be authorized to enter into an agreement on behalf of this company with Beauharnois Construction Company modifying the agreement dated 6th November, 1929, so as to amend, reduce, cancel or postpone, in such manner as the said officers may deem expedient, the payment of the fee of twelve and one-half per cent (12½ per cent) payable by this company to Beauharnois Construction Company in connection with the said agreement.

*By the Chairman:*

Q. At the risk of repetition, Mr. Griffith, will you just shortly tell me why that agreement was entered into in the first place?—A. Mr. Chairman, that is what we began to wonder when the end of the year came and we discovered

we had accumulated a profit which was not in reality a profit at all. After discussing it with the auditors they said: What is the purpose of this? We visualized at the outset the Beauharnois Construction Company as a contractor, and we took a contract on a cost plus basis, the usual contractor's cost plus 12½ per cent, not realizing what implications might result. At the end of the year we entered into this resolution to cancel it.

Q. That does not clear it up in my mind, Mr. Griffith. I may be dense in this. The Construction Company was owned in its entirety by the Power Corporation.—A. Yes, sir.

Q. I assume that the Construction Company was incorporated for the purpose of probably facilitating the segregation of the effort?—A. Quite.

Q. Work costs, or something of that character.—A. Quite.

Q. Set up as a working unit under the Power Corporation itself?—A. Yes.

Q. The Power Corporation owning everything.—A. The Construction Company existed before the Power Corporation ever did.

Q. At any rate, whether it did or did not that is the ultimate result.—A. Quite.

Q. Now then, that being the case why even encumber the record, when the Construction Company as a unit, if I may put it that way, of the Power Corporation—why even encumber the record with a contract whereby apparently a profit was going to be paid to anybody?—A. It would only have been taken from one pocket to the other, and that would have been a foolish procedure.

The CHAIRMAN: We have been going from one pocket to another so often in this that I cannot see the reason for it.

Mr. JACOBS: It is a case of where the left hand did not know what the right was doing. May I suggest that they would evade paying income tax to the government by that procedure.

The WITNESS: You may be partly right, Mr. Jacobs.

*By the Chairman:*

Q. Could there be any speculation? Do you know why it was done?—A. I do not know why it was done. I know why it was cancelled.

Hon. Mr. MACKENZIE: It was undone.

The CHAIRMAN: Well, all right. If you do not know I will not take up any more time.

Mr. WHITE: Then the next resolution:

That the action of the officers of the Company in instructing the Company's agent, Marquette Investment Corporation, to sell for the sum of ten thousand dollars (\$10,000) lots four hundred and thirty-one (431) and four hundred and eighty-seven (487) to Omer Maher of the Parish of St. Timothee, county of Beauharnois, be and it is hereby approved.

*By Mr. White:*

Q. What was that, some land you did not require?—A. Some land we had purchased in excess of what we required.

Mr. WHITE: Then there is a meeting of the 25th of March, 1931:

That the report of the Board of Directors submitted to this meeting for the fiscal year ending December 31, 1930 and the balance sheet and report of the auditors be and they are hereby approved; and that the acts of the Board of Directors be and they are hereby ratified and confirmed.

Then the directors elected are as follows:

Honourable W. L. McDougald.  
Honourable Philippe Paradis.

Messrs. R. O. Sweezey.  
R. A. C. Henry.  
Hugh B. Griffith.  
A. F. White.  
M. W. Wilson.  
Aime Geoffrion.  
S. Godin, Jr.  
J. H. Gundy.  
G. H. Montgomery.

The same board as previously. And Messrs. P. S. Ross & Sons appointed auditors.

Then a meeting of the directors. Signing officers are spoken of, and Mr. Sweezey is made President, Mr. Henry, Vice-President, Mr. A. F. White, Vice-President, Mr. H. B. Griffith, Secretary-Treasurer, Mr. L. C. Christie, Assistant Secretary, and Assistant Treasurers are appointed.

The CHAIRMAN: Mr. Griffith, before we leave that would you mind letting me see the resolutions to which you made reference, the banking resolutions.

My view is that the reason we have not spread upon the record some of the private business of the company is because it probably should not be given out to the public, but I think the committee should have it. Is there just one resolution?

The WITNESS: That is all, sir.

Mr. WHITE: I assume, Mr. Chairman, that it is simply the ordinary banking resolution. That brings us to the minutes of the power corporation—the Beauharnois Power Corporation. The first part is the statement in lieu of prospectus that has already been filed. Then there are the By-laws, the general By-laws. I think we are not concerned with these. They number 1 to 37, inclusive.

The CHAIRMAN: There is just one By-law I would like to make some reference to. Is there a By-law whereby—perhaps I have reference to the syndicate—whereby any of this Board of Directors will be maintained permanently on the board?

Mr. WHITE: There is only the provision for five voting shares—five shareholders who are to be nominated in effect—nominated by Newman, Sweezey and Co., and the Dominion Securities Corporation, and those five shareholders have the right to elect the board of directors for a period of ten years.

The WITNESS: Those are the management preferred shares to which reference was made yesterday. That is the only control feature which exists.

*By the Chairman:*

Q. That was what you were explaining yesterday, or justifying it, by stating that in this project it being one that would cover a period of time to its completion, it was desirable to have a continuity of management?—A. That is right, sir; and that is secured through these management preferred shares.

Sir EUGÈNE Fiset: Five management shares control the election of directors?

Mr. WHITE: For a period of ten years.

*By Mr. Gardiner:*

Q. Who controls the five manager shares?—A. I believe I have a shareholders' list that will show the way in which they were recorded. If I can



trust to my memory three of them are held by Robert O. Sweezey and A. F. White jointly, and two are held by the Hon. W. McDougald.

Q. Did these three companies dispose of those five management shares in that way?—A. They did. They were transferred by Newman, Sweezey and Dominion Securities, who purchased them jointly, to the persons who now hold them.

*By the Chairman:*

Q. Who now can control the appointment of the board through these manager shares?—A. I presume Mr. White and Mr. Sweezey, acting together, or Mr. White and Senator McDougald.

Q. Am I right in saying that Mr. White and Mr. Sweezey, acting together, could procure the appointment of the board?—A. That is right, sir.

*By Mr. White:*

Q. Or any two of the three?—A. There is a fine point which has never been settled in my mind, and it has never arisen for settlement. As I said three of the shares, a majority, are registered in the joint names of Sweezey and White.

*By Hon. Mr. Mackenzie:*

Q. They are compelled to act together?—A. I do not know what would happen if they would disagree. I am glad to say they have not disagreed as yet.

*By Mr. Gardiner:*

Q. In view of the fact that the two companies—Newman, Sweezey and Dominion Securities—first possessed these management shares, are they in position to appoint other managers if they desire?—A. Not now. They have divested themselves of that right by selling these shares to Sweezey, White and McDougald.

*By Mr. White:*

Q. That is only theoretical. You do not know, of course, whether as between Newman, Sweezey and Company and Sweezey, and between the Dominion Securities Corporation and White there may be an agreement to vote those shares in any particular way?—A. I do know as between Newman, Sweezey and Sweezey. I do not know beyond that. But I know there is no such agreement. Mr. Sweezey has personal ownership of the shares.

Q. Who controls Newman, Sweezey and Company?—A. It is an incorporated company, the shares of which are held by Mr. Sweezey, Mr. Henry Newman, Mr. Molson and myself.

Q. Who is in control?—A. I would have to check this. I imagine that Mr. Sweezey, together with any one of the other three.

Q. Mr. Molson?—A. No one individual holds a majority of the shares.

MR. GARDINER: Do you know what the purchase price of those management shares was, and what they were sold for?

MR. WHITE: \$100 apiece.

WITNESS: No, I beg your pardon, Mr. White; I believe it was one dollar.

*By Mr. Lennox:*

Q. How did Senator McDougald get in possession or control of two of the manager shares?—A. Mr. Sweezey and Mr. White are responsible for that. Insofar as I and the other partners of Newman Sweezey are concerned, I imagine

also you might term the junior partners, the Dominion Securities Corporation, we left this matter in the hands of our two presidents who are our representatives in that sense, but without any restriction. As I said before, for Newman, Sweezey, Mr. Sweezey owns the shares personally, and can do as he pleases.

The CHAIRMAN: Have you the date when those shares were so arranged?

Mr. WHITE: When you say so arranged, do you mean—

The CHAIRMAN: When Senator McDougald got two and these others three?

WITNESS: I believe it was concurrently with the issue of bonds which took place early in December, 1929.

*By the Chairman:*

Q. You mean the issue of the \$30,000,000?—A. Yes.

Q. That was October first?—A. No, that was the formal date; the actual public offering was made by circular on the 5th, I think it was, of December, and actual delivery of the bonds, and organization of the company, were made on the 17th of December, 1929. My recollection is that the actual transfer of these shares took place on the 16th or 17th of December, 1929.

*By Mr. White:*

Q. By the way, might I have another one of those circulars of Newman, Sweezey and Company. I have mislaid my own. At least I filed the copy you gave me this morning?—A. Yes, sir.

Q. The letter of Mr. Sweezey, as President of the Beauharnois Power Corporation, Limited, and Newman, Sweezey and Company Limited is dated December 2, 1929. I should point out in passing, a matter which will appear later, and this is that so far as the management is concerned, Mr. Henry has a contract for a number of years.

Mr. LENNOX: How many?

Mr. WHITE: Ten years. So that there is something tied in there in line with what you evidently had in mind as to the continuity of management. Then on page 25 of this minute book appears the memorandum of agreement and stock book which was filed with the Secretary of State on the application for incorporation.

Mr. STEWART: What date is that?

Mr. WHITE: It is dated September 3, 1929, and each of eleven persons who are connected with an Ottawa legal firm apply for two shares—two class A shares at \$1.00 each, and one preferred share at \$1.00. No, let me get it correctly. Osmand F. Howe applies for 2 class A shares. Duncan K. MacTavish applies for 2 class A shares and one preferred. Belle Fraser applies for two class A shares and one management preferred. Lila Brennen applies for two class A shares and one management preferred. Edith H. O'Malley applies for two class A shares and one management preferred. M. H. Kelly applies for two class A shares and one management preferred. So that in the original memorandum of agreement there are five management preferred shares subscribed for at \$1.00 a share.

The CHAIRMAN: Who are these people? Clerks in some office?

Mr. WHITE: Mr. Howe is an Ottawa lawyer and Mr. MacTavish is a lawyer, the others are obviously stenographers.

WITNESS: One is O. F. Howe and the other is Duncan MacTavish, barristers-at-law, and the other persons are described as stenographers. That is in the application for Letters Patent.

*By the Chairman:*

Q. What firm applied for it?—A. McGiverin, Haydon & Ebbs.

Q. We can assume that these people are working in their office?—A. I presume so. None of them are known to us.

Mr. WHITE: The application itself calls them barristers at law, and the others are stenographers. M. H. Kelly is Mary Hilda Kelly. Then we have the application, and we have been over the features of that pretty well, so I will not have to trouble the committee with that. The provisional directors met at the office of Messrs. McGiverin, Haydon and Ebbs on October 30, 1929, and Miss Kelly was elected president, and Miss Lila Brennen secretary, and the president reported the company had been duly incorporated, and by-law number one—the general by-laws, and by-law number 2, the borrowing by-law were passed, and a special meeting of the shareholders was called. I shall have to trouble you a little with this Mr. Chairman, because I think it is necessary to put upon the record in some way that the principal business of this company so far as the contracts were concerned may or may not, as the case may be, have been transacted by these provisional directors. I want to clear that situation up, so I may be a little more careful than I otherwise would be. The meeting was called of the owners of the management preferred shares, and they were as indicated in the application. Then a meeting of shareholders was held on the 30th September, and the by-laws were approved. A meeting of the management preferred shares was held on the 30th September at 11 o'clock, and directors were elected, and they were the provisional directors named in the application. On the same day at 11.15 a meeting of directors was held and authority was given to apply for licence to carry on business and hold lands in any of the provinces where that became necessary. I suppose that would be under the respective extra territorial acts. On a motion duly made it was resolved that the statement in lieu of prospectus now submitted to the meeting be approved and upon the same being signed by every person who is named therein as a director of the company, that the necessary action be taken to file the same with the Secretary of State at Ottawa.

And we have had that as I said before. Authority was given the officers of the company to comply with what are commonly known as Blue Sky Laws with respect to the sale of securities.

The president reported to the meeting that payment in full had been made to the company on behalf of the respective applicants for incorporation of the company who had subscribed for a total of five management preferred shares at the price of one dollar each and twenty-five class "A" common shares at the price of one dollar each in the memorandum of agreement and stock book opened in connection with the application.

On motion duly made, it was resolved:

That the sum of twenty-seven dollars (\$27) paid to the company on behalf of the respective applicants for incorporation of the company who had subscribed for a total of five management preferred shares at the price of one dollar each and twenty-two class "A" common shares at the price of one dollar each in the memorandum of agreement and stock book opened in connection with the application be accepted in full payment for these shares and that the price of one dollar per share be fixed as the consideration for the issue of such shares.

Mr. JACOBS: They started modestly.

Mr. WHITE: Giant oaks from little acorns grow. There was a meeting of the board of directors at the office of McGiverin, Haydon & Ebbs on the 31st of October, Miss Kelly in the chair.



The president reported to the meeting that the statement in lieu of prospectus submitted to the meeting of the board of directors held on the 30th day of September, 1929, at the hour of 11.15 o'clock a.m., had been signed by all of the directors and had been filed in the office of the Secretary of State of Canada on the 30th day of September, 1929.

On motion duly made it was resolved that should the company be advised by its legal advisers at any time that it is necessary to file a prospectus under the Companies' Information Act of the Province of Ontario, the company do file such prospectus, and the directors or a majority of them be and they are hereby authorized to execute such prospectus in the form required by the said Act and that the necessary fees in connection therewith be paid to the proper authorities.

The president submitted to the meeting a proposed memorandum of agreement dated the 31st day of October, 1929, between the Beauharnois Power Syndicate (an unincorporated syndicate organized and existing under and in virtue of an agreement made at the City of Montreal on the 4th day of April, 1929, by and between F. Stuart Molson and others of the first part, and Marquette Investment Corporation of the second part) as party of the first part, and Beauharnois Power Corporation Limited as party of the second part, and Marquette Investment Corporation (a company incorporated under the Quebec Companies' Act) as party of the third part, providing for, the acquisition by the company and/or its nominees upon the terms and conditions therein set out of the undertaking and assets of whatsoever nature of the syndicate (except any unpaid balances and any uncalled for balances for which the syndicate members may be liable to the syndicate in respect of the part interests of the syndicate held by them respectively), the consideration for such acquisition to be—

(a) the sum of \$4,750,000 payable to the syndicate by the company at the time and upon the considerations set out in the said agreement;

(b) the assumption by the company of the liabilities and obligations of the syndicate (except those liabilities and obligations to its members as such; and

(c) an undertaking by the corporation to defray the expenses (to an amount not exceeding \$10,000) of the winding up of the affairs of the syndicate and the distribution of its assets among its members.

The CHAIRMAN: Have we anything on the record to show what the obligations of the syndicate were?

Mr. WHITE: Not at this stage.

WITNESS: I will file now the balance sheet of the syndicate at the 17th of December.

*By the Chairman:*

Q. The date on which it was consummated?—A. Yes.

Q. Is that a statement showing what those liabilities were?—A. At the date of consummation. That is correct, sir.

Mr. WHITE: Let us have it.

(Balance sheet marked Exhibit 72.)

*By Mr. White:*

Q. The liabilities as set out in the balance sheet show capital liability in respect of 25,000 part interests of \$100 each fully paid, \$2,500,000. That, of course, is not one of the liabilities referred to in this agreement?—A. Correct.

Q. Unmatured balance of purchase price of real estate \$1,068,355.74. That, of course, would be offset by corresponding entry on the opposite side in amongst assets in which the balance would be included in the value of the assets set up as an asset?—A. That is right.

Q. Loans accounts—three banks—\$4,000,000. That is September 23rd, as of the date of the winding up of the syndicate's affairs, and the taking over of the assets and liabilities by the power corporation?—A. Yes, sir.

Q. The Robert interests \$20,000. That is the balance of the purchase price. Bank overdrafts—\$735,737.47. So that the total actual liabilities not referable to earmarked assets would be \$4,755,737.40?—A. \$735,000.

Q. \$755,000. There is \$20,000 to be added?—A. Yes, that is correct.

Mr. LENNOX: Before we leave this balance sheet, Mr. Griffith, I see there is an item here of \$500,000 Beauharnois Construction Company, capital stock. How is that an asset?—A. Certain assets of the syndicate assets which have cost a substantial sum of money; I would have to look it up to get the exact figure.

The CHAIRMAN: Then, this \$500,000 represents assets of the Beauharnois Construction Company?—A. That is right, sir. We had vested in the construction company in exchange for this capital stock some very valuable and expensive assets.

Q. Of what character?—A. Engineering work, the benefit of engineering work, test pits, surveys, some material and equipment, motor cars for example, things of that kind.

Q. Is there any significance in the fact that the balance sheet of the Beauharnois Power Syndicate shows as an asset the total authorized capital of the Beauharnois Construction Company Limited, and the actual assets of the Beauharnois Construction Company were executed the same as capital stock?—A. We can submit—I can prepare and submit a consolidated balance sheet of the syndicate and the construction company together.

Mr. WHITE: You had better do that. There is a time and place for everything.—A. As a matter of fact, the item of \$500,000 capital stock, Beauharnois Construction Company, was balanced by a deduction of \$500,000 from the item \$3,131,768.85.

*By Mr. Lennox:*

Q. Is that down on the statement?—A. Yes.

Q. There is a deduction?—A. There is a deduction from the item of \$3,138,761.85 of \$500,000. I want to be perfectly frank and say that the survey did not amount to \$500,000; it amounted, if my recollection is correct, to something in the neighbourhood of \$400,000; but set up in that way, one item offsets the other.

*By Mr. White:*

Q. Well then, as a matter of fact, that deduction and the subsequent division, causes one to balance the other?—A. One offsets the other.

Q. And the amount is set up to represent the total capital stock of the construction company?—A. No.

Q. What did you set it up at \$500,000 for, if that was not the actual amount?—A. That was the actual amount as shown on the books of the Beauharnois Construction Company.

Q. The actual amount of what?—A. Of the book value of the capital stock of the Beauharnois Construction company. I mean the book value of the costs of the assets they purchased from the Beauharnois syndicate.

The CHAIRMAN: What Mr. Griffith says is this: that it was purely by accident and not by design that the total authorized capital of the Beauharnois

Construction company exactly equals their assets. That is as I gather it.—A. No; I am afraid that is not correct.

Mr. JACOBS: Why should we bandy words about paltry hundred thousand dollars when we are dealing in tens of millions?

Sir EUGENE Fiset: It is a difference of one thousand?

The WITNESS: I take it the committee wants to be sure that the \$500,000 has some assets behind it, it is not merely fictitious. I can obtain the exact cash outlay for you, but from memory I think it is about \$400,000.

Mr. WHITE: Which was written up as \$500,000 to absorb the whole capital?—A. Correct.

Mr. LENNOX: Do you see these first two items, one amounting to \$2,484,100, and the other, \$639,746. Do you propose to ascertain how they are made up?

Mr. WHITE: Our auditors have made some enquiry about that.

Mr. LENNOX: We shall have some information.

Mr. WHITE: There will be evidence on that later.

Mr. LENNOX: I thought perhaps Mr. Griffith might give it.

The WITNESS: I would have to have the records here.

Mr. WHITE: You will be pleased to know, Mr. Lennox, in the preliminary expenditure there is a large amount of lawyers' fees.

Mr. LENNOX: So I understand. I do not blame them for that.

Mr. WHITE: Then, this agreement goes on and sets out with more or less particularity the particulars of the agreement which we have already in, and to which we have referred, and after a lengthy discussion and acrimonious debate, on motion duly made, it was resolved that the said memorandum of agreement, dated the 31st day of October, 1929, between the Beauharnois Power syndicate as party of the first part, this company as party of the second part, and the Marquette Investment Corporation of the third party, be approved, and that subject to the approval of the shareholders of the company, the same be executed on behalf of this company by the president, or a vice president and the secretary or an assistant secretary, under the corporate seal of this company, with such modifications, variations, and corrections as may be approved by the officers executing the same, such approval to be conclusively established by the execution of the said agreement by such officers. Carried unanimously.

Ordered that a copy of the said agreement be inserted in the minute book of the company.

The president submitted to the meeting a proposed memorandum of agreement dated the 31st day of October, providing for the creation and issue of 30 year six per cent collateral trust sinking fund bonds, and providing for the sale to Newman, Sweezey and Company, and the Dominion Securities Corporation Ltd., of \$30,000,000 in par value of the said bonds together with 770,000 common shares of this company for the price of \$27,000,000.

The CHAIRMAN: The same 770,000 we have dealt with before?

Mr. WHITE: The point being at this meeting of those preliminary, not provisional directors, this transaction was authorized. After discussion, on motion duly agreed, it was resolved that the said memorandum of agreement dated the 31st day of October, 1929, be approved and authority given to execute it.

By-law No. 3 was passed respecting the borrowing of money, which is the usual banking by-law, and a resolution was passed, being the usual banking resolution—at least, I assume it is a banking resolution in the ordinary terms. The National Trust Company is appointed stock transfer agent at its Montreal



office for this company's five management preferred shares without nominal or par value, 1,799,995 class A common shares without nominal or par value, and 3,200,000 class B common shares without nominal or par value. The Montreal Trust Company was appointed the stock registrar. A special meeting of the shareholders was called. On the 31st October, the same day, at a later hour, a special general meeting of the shareholders was held at the office of an Ottawa law firm, McGiverin, Haydon and Ebbs, the shareholders being those already named; and a waiver of notice signed under those various agreements submitted to the meeting and authorized, and the account of the directors in respect thereto approved and confirmed also, the by-law No. 3, being the banking by-law.

Then, a meeting of the management preferred shareholders was held on the 5th November, 1929, all of the five shareholders being present. At this meeting Miss Kelly resigned as a director, having transferred all her class A common shares to Mr. Robert Oliver Sweezey. Her resignation was accepted and Mr. Sweezey was appointed to fill the vacancy.

On the 5th November, at 4.30 o'clock, a meeting of the Board of Directors was held, and Miss O'Malley took the chair. The chairman reported that Miss M. H. Kelly and Miss Lyla Brennan had tendered their resignations as president and secretary of the company, and Mr. Robert Oliver Sweezey was appointed president, and Mr. Hugh B. Griffith secretary. There being no further business, the meeting adjourned.

On the 21st November, 1929, a meeting of directors was held at 10 o'clock in the forenoon. There was submitted to the meeting a draft agreement between Beauharnois Light, Heat and Power Company and the Hydro-Electric Power Commission of Ontario and the resolution was passed authorizing the guarantee of the performance of the contract by this corporation.

On the 3rd December, 1929, a meeting of directors was held, and Miss Fraser took the chair. There was submitted to the meeting a draft contract between the Beauharnois Power Corporation Limited and R. A. C. Henry, securing his services for the corporation for a period of ten years, from January 1, 1930, as vice-president and general manager. That was the agreement I referred to a moment ago. It was resolved that the president and secretary be authorized to execute this agreement.

Then, there is a meeting on the 13th December held at the same place as the former meeting.

The CHAIRMAN: In connection with the Henry contract, Mr. White, are there any further details there?

Mr. WHITE: Not here. I propose to produce the contract.

The CHAIRMAN: Later on?

Mr. WHITE: Yes.

The CHAIRMAN: This ten-year contract is to harmonize with the period of time, the continuity of directors.

Mr. WHITE: I do not know whether it exactly harmonizes or not, but I rather think it does.

The WITNESS: Not exactly. The management preferred shares are dated from the date of incorporation of the company; so there would be a few months difference, but nothing material.

Mr. WHITE: It provides for any possible interregnum.

Mr. JACOBS: Is there anything in the laws in Ontario with reference to the length of time a contract of that kind may last. In our province it is not more than nine years.

Mr. WHITE: We have slavery still in Ontario.

Mr. JACOBS: I noticed that, by the way you work.

Mr. WHITE: Mr. Sweezey was made president at the meeting. The chairman explained to the meeting that this company in virtue of the agreement of 31st October, 1929, between this company and the Beauharnois Power syndicate, proposed to acquire among the assets of that syndicate, 2,000 shares of the Beauharnois Light, Heat and Power Company, and that it was expedient to subscribe for and acquire the balance of the authorized capital stock of that company, namely, 38,000 shares.

It was declared and disclosed to the meeting that Mr. R. O. Sweezey, the president, and a director of this company who is not present at this meeting, was also president and a director of the Beauharnois Light, Heat and Power Company.

On motion duly seconded, it was unanimously resolved that this company do subscribe at \$100 a share for 38,000 shares of a par value of \$100 each of said Beauharnois Light, Heat and Power Company, the said subscription price to be payable forthwith, and so on. There was then submitted to the meeting, an agreement between this company and the Beauharnois Light, Heat and Power Company, by the parties thereto, and bearing date the 20th day of November, 1929, and reading as follows: Between the Beauharnois Power Corporation Limited and the Beauharnois Light, Heat and Power Company, and then follows the agreement which you were discussing a few moments ago. A resolution was passed authorizing the execution of this document.

It was then submitted to the meeting an agreement between this company and Beauharnois Land Company, duly executed by the parties thereto, and bearing date the 20th day of November, 1929, and Mr. R. O. Sweezey's connection with the said land company, which is referred to below in these minutes, was disclosed to the meeting. It was dated the 20th day of November, 1929, and is between the Beauharnois Power Corporation Ltd. of the first part, called the Corporation, and the Beauharnois Land Company, called the Land Company, of the second part, and provides that the corporation agrees that it will cause the Beauharnois Light, Heat and Power Company to enter into agreement with the Land Company, by which the Light Company will bind and oblige itself to transfer and make over, without payment or other consideration on the part of the Land Company, to the Land Company, all lands and other immovable properties which may be acquired by the Light Company whether from the corporation or otherwise, and which may not be required by the Light Company for the purposes of its canal, power house or other works in connection therewith, such lands and other immovable properties to be transferred from time to time as and when it is established that the same are not or are no longer required and will not in future be required for such purposes.

2. In consideration of the foregoing undertaking the land company,

- (a) has paid to the corporation at or before the execution hereof, the sum of \$500,000, the receipt thereof is hereby acknowledged by the corporation, and,
- (b) hereby undertakes and agrees that if any of the lands or other immovable properties so transferred to it by the Light Company should be found to be necessary or useful to the Light Company, or to the Beauharnois Construction Company, or to any other company controlled by the Corporation, for the purpose of disposal areas or other purposes connected with the construction of the Light Company's canal, power house or other works connected therewith, it will on demand of the Power Corporation permit the use of such lands or other immovable properties for such purposes, provided such lands or other immovable properties at the time of such demand are owned by it, the Land Company, and not then in use for other purposes and not under agreement for the sale or other alienation thereof, or not under lease, and;



- (d) hereby undertakes and agrees that it will from time to time on demand of the Corporation grant and convey to the corporation and/or to any other company controlled by the Corporation, such lands then owned by the Land Company, or such rights in or upon the same, as may be necessary for the purposes of construction, maintenance and operation of any railway owned or operated by the Corporation or any other company controlled by it, or as may be necessary for the construction, maintenance and operation of railway sidings, spurs and switches; and
- (e) hereby undertakes and agrees that if any of the lands at any time owned by the Land Company shall be comprised in any lands to which the Government of the Dominion of Canada may become entitled under the provisions of the agreement dated the 30th day of July, 1929, between the Light Company and the said government, it, the Land Company, will on demand of the Corporation or of the Light Company, convey the same to the Government of the Dominion of Canada, without payment on the part of the latter.

Q. I do not quite catch this, Mr. Griffith. The Beauharnois Land Company has apparently paid, according to this agreement, to the Power Corporation, \$500,000. Where did it get the \$500,000?—A. I think you will find in the same minute, the Power Corporation subscribed for 49,989 shares at \$10 a share, providing most of the money.

Q. I see. Somebody put up five dollars for five shares, and the Power Corporation put up the balance, gave to the Land Company, and the Land Company then paid it back to the Power Corporation?—A. Right.

*By the Chairman:*

Q. It is another cross entry?—A. That is all. The purpose was, it seemed desirable to us that we should segregate this land, which may be called surplus lands, which are required now, and will be required for some time in the future, as disposal areas in connection with construction, and which in future will not be necessary.

Mr. WHITE: There was a very good precedent in the Canadian Pacific Railway.

The WITNESS: Quite.

Q. This agreement with the land company was approved and execution authorized, and then undertakes as Mr. Griffith has said, to authorize the company to subscribe for 49,989 shares of the capital stock of the company at \$10 per share, without nominal or par value of the Beauharnois Land Company, and so on.

There was then submitted to the meeting an agreement between this company and the Beauharnois Transmission company, duly executed by the parties thereto, and bearing date the 20th day of November, 1929, and Mr. R. O. Sweezy's connection with the said transmission company, which is referred to below in these minutes, was disclosed, and so on. We have been over that. It was ratified, sanctioned, approved, adopted and confirmed.

It was then explained to the meeting that it was expedient in connection with the business of the company to subscribe for shares of the capital stock of the Beauharnois Transmission company. There was a motion authorizing the officers of the company to subscribe for 49,989 shares of the Beauharnois Transmission company at \$10 per share.

The WITNESS: If I might be permitted, I shall explain that the Transmission company is not an active company; that it has not entered into any contractual obligations or done any business at any time. It appears in the records, but it has not come into being—



The CHAIRMAN: Q. Has it a capital of \$500,000 lying idle?—A. Yes, by paying its taxes.

Mr. WHITE: Then the agreement, which is Exhibit 56, was approved and authority given to execute it on behalf of the company.

Then there was submitted to the meeting a subscription of One dollar (\$1) per share by the Beauharnois Power Syndicate for one million (1,000,000) Class "A" Common Shares (without nominal or par value) of this Company to be allotted and issued to or to the nominees of the Syndicate, the said shares to be paid for at the time of the payment by this company to the Syndicate of the sum of \$4,750,000, provided to be paid to the Syndicate by this Company.

On motion duly seconded it was unanimously resolved: That the said subscription be and it is hereby accepted and that one million (1,000,000) Class "A" Common Shares of this company be and they are hereby allotted to the Beauharnois Power Syndicate and/or its nominees and that certificates for the said shares be issued to the said Syndicate and/or its nominees upon payment of the said subscription price, namely, one million dollars (\$1,000,000).

On motion duly seconded it was unanimously resolved:

That pursuant to By-law Number Two of the Company, the Directors do create an issue of Bonds....

And that issue was created with the conditions attached thereto, and the officers authorize to take whatever steps and sign whatever documents and do whatever is necessary for the carrying into effect of the issue of the bonds:

It was then stated to the meeting that under the Memorandum of Agreement of the 31st day of October, 1929, between this Company of the First Part and Newman, Sweezy & Company Limited and the Dominion Securities Corporation Limited (therein called the "Bankers") of the Second Part, as modified by an Agreement of the same date executed between the Company and the said Bankers and the Beauharnois Power Syndicate, the Bankers had agreed to purchase and the Company to sell, subject to the terms and conditions of the said agreements, Thirty million dollars (\$30,000,000) of this Company's Collateral Trust Bonds and 770,000,000 Class "A" Common Shares of the Company for the price of Twenty-seven million dollars (\$27,000,000) and accrued interest on the said Collateral Trust Bonds to the date of delivery, and that the said Bankers had offered to accept the allotment and issue of twenty-two (22) shares now held by the Directors of this Company as being a satisfaction to that extent of the obligation of this Company under the said agreements to sell and deliver the said class "A" Common Shares of this Company, and on motion duly made and seconded, it was unanimously resolved:

That the said offer be accepted and that accordingly 769,978 Class "A" Common Shares of this Company be and they are hereby allotted to Messrs. Newman, Sweezy & Company Limited and the Dominion Securities Corporation Limited and/or their nominees, and that the said shares be issued to them and/or their nominees together with the said Collateral Trust Bonds upon payment for the said Bonds and shares in accordance with the terms, provisions and conditions of the said two agreements."

On motion duly seconded it was unanimously resolved:

That twenty-one thousand (21,000) Class A common shares of this company be and they are hereby allotted as fully paid up and non-assessable to the executors of the late Dame Sarah Roberts and/or their nominees, and that twenty thousand dollars (\$20,000) in cash be paid to them and/or their nominees, such shares to be issued and such moneys paid upon the transfer by the Beauharnois Power Syndicate to this company of its assets and undertaking as provided for in the said agreement between the said

The Beauharnois Power Syndicate and this company and Marquette Investment Corporation, and that the president, or a director, and the secretary or an assistant secretary, or the treasurer or an assistant treasurer, be and they are hereby authorized to execute all such documents and do all such things as in their opinion may be necessary or useful for the purpose of carrying into effect the provisions of this resolution.

Then:

Whereas among the amounts payable by the company as consideration for the acquisition by the company of the undertaking and assets of the Beauharnois Power Syndicate and the following, namely:

- (a) the sum of four million, seven hundred and fifty thousand dollars (\$4,750,000) payable to the said the Beauharnois Power Syndicate; and
- (b) the sum of twenty thousand dollars (\$20,000) to be paid to the executors of the late Dame Sarah Roberts; and

Whereas under the terms of the Trust Deed of Hypothec, Mortgage and Pledge bearing formal date as of October 1, 1929, to be executed between this company and the Royal Trust Company as trustee, securing collateral trust bonds to be issued by this company, the company will be entitled to have the trustee pay for such purposes to or to the order of the company the said amounts out of the escrow fund to be provided for in the said trust deed:

That payment of the said amounts out of the said escrow fund be and they are hereby authorized for the said purposes, and that application be made to the said trustee for the payment of the said amounts out of the said escrow fund for the said purposes, and that the application of such amounts for such purposes be and it is hereby approved.

On motion duly seconded it was unanimously resolved as follows:

Whereas under the terms of the Trust Deed of Hypothec, Mortgage and Pledge bearing formal date as of the 1st day of October, 1929, to be executed between this company and The Royal Trust Company as trustee to secure the collateral trust bonds of this company, the company will be entitled to obtain the payment by the trustee to or to the order of the company of moneys of the escrow fund to be provided for in the said trust deed for the payment of expenditures from time to time for among other purposes the purposes set out in sub-paragraph C of section 2 of Article 9 of the said trust deed and;

Whereas the company and its subsidiary companies (as defined in the said trust deed had made expenditures and incurred liabilities amounting in the aggregate to four million seven hundred and thirty-five thousand, seven hundred and thirty-seven dollars and forty-seven cents (\$4,735,737.47) for and in connection with the development or marketing of hydro-electric power resulting from the difference in level between Lake St. Francis and Lake St. Louis in the province of Quebec, Canada.

That the said sum of four million seven hundred and thirty-five thousand seven hundred and thirty-seven dollars and forty-seven cents (\$4,735,737.47) be and it is hereby authorized to be paid out of the said escrow fund for the purposes of defraying the said expenditures and liabilities and that the application of such amounts for such purposes is hereby approved and that application be made to the said trustee for the payment to or to the order of the company of the said amount of four million seven hundred and thirty-five thousand seven hundred and thirty-seven dollars and forty-seven cents (\$4,735,737.47).

I will have to think about that, Mr. Chairman, and perhaps return to it at another time.

The WITNESS: I might just explain in a word. Those were the bank loans which appeared on the balance sheet December 17.

*By Mr. White:*

Q. In other words, the balance sheet of the Syndicate.—A. Yes.

Q. And from what funds were they paid?—A. From the proceeds of the bonds.

Q. From the proceeds of the bonds?—A. Correct.

Q. Well, I do not quite understand it yet. There were \$4,750,000 paid out of the proceeds of the bond.—A. To the Syndicate for its assets.

Q. And then a further sum of \$4,735,737.47.—A. \$4,735,737.47 which was paid to the various chartered banks of Canada to repay advances that they had made to the Syndicate.

Q. Where did they get it.

The CHAIRMAN: They had borrowed it from the banks apparently.

*By Mr. White:*

Q. But you did not have that amount of money.—A. We had \$27,000,000.

Q. \$4,750,000 of which went to the Syndicate.—A. Yes, sir.

Q. And \$22,500,000 to the Light Heat & Power Company which took the whole of it.—A. Ah! yes, but this resolution which we have read is a resolution of trust to the Royal Trust Company who were the custodians of the \$22,250,000.

Q. Oh, it really came out of the \$22,500,000.—A. It came out of that and this is an authority to them to pay that out.

Mr. WHITE: Then:

On motion duly seconded it was unanimously resolved as follows:

Whereas under the provisions of the Trust Deed of Hypothec, Mortgage and Pledge to be executed by the Company for securing its Thirty-Year 6 per cent Collateral Trust Sinking Fund Bonds, the Company will be entitled to obtain payment from the escrow fund to be provided for in the said Trust Deed of moneys for the purposes set out in subparagraph (c) of Section 2 of Article IX of the said Trust Deed;

That the sum of one million nine hundred and seventy-five thousand dollars (\$1,975,000) be and it is hereby authorized to be paid out of the said escrow fund for the purpose of satisfying the obligation of Beauharnois Light, Heat and Power Company, one of the subsidiary companies of this Company (as defined in the said Trust Deed) which amount is payable by the said Beauharnois Light, Heat and Power Company to Montreal Cotton Company as part of the consideration for certain water rights acquired by the said Beauharnois Light, Heat and Power Company for and in connection with the development and marketing of hydro-electric power resulting from the difference in level between Lake St. Francis and Lake St. Louis in the province of Quebec, Canada, and that the application of such amount for such purpose be and it is hereby approved and that application be made to The Royal Trust Company as Trustee for the payment of the said amount for such purpose.

*By Mr. White:*

Q. And that again came out of the \$22,500,000.—A. Yes.

Mr. STEWART: How much was that amount.

Mr. WHITE: \$1,975,000.

Then at a meeting of the Board of Directors, December 20th, 1929, at which there were present:



Messrs. R. O. Sweezey, W. L. McDougald, M. W. Wilson, Aime Geoffrion, J. P. Ebbs, S. Godin, Jr., A. F. White, H. B. Griffith (Secretary).

The Secretary reported that all of the issued shares of capital stock of Beauharnois Light, Heat & Power Company, Beauharnois Construction Company, Beauharnois Land Company and Beauharnois Transmission Company had been deposited with The Royal Trust Company, as security for the Company's issue of Collateral Trust Bonds, including the eleven shares of each company held by its Directors, which had also been assigned by the Directors of these Companies to The Royal Trust Company, and had been made subject to the lien of the Trust Deed securing the bonds.

Then proceeding is taken for increasing the directorate of the Beauharnois Light, Heat & Power Company and the Beauharnois Power Company respectively:

The President then submitted a report on the construction work which had been carried on by Beauharnois Construction Company up to December 15th, 1929, involving an expenditure of \$519,000 which work included excavation amounting to over 500,000 yards, construction of 1½ miles of railway, camp, water-supply, transmission lines for construction power and crusher plant. Work contemplated for 1930 involved approximately 7,000,000 cubic yards of excavation and all of the heavy equipment for this excavation has been ordered and will be assembled during the winter months. Power for construction purposes has been contracted for with Montreal Light, Heat & Power Consolidated and will be available when required.

The Secretary submitted a statement showing amount of expenditures until the end of January, amounting to \$1,750,000.

Then:

Mr. R. O. Sweezey reported that the proposed Contract of Engagement between this Corporation and Mr. R. A. C. Henry which had been submitted to the Meeting of Directors of the Company held on the 3rd December, 1929, was acceptable to Mr. Henry, except that Mr. Henry stipulated that the Contract contain an undertaking by this Company to allot and issue to him and/or his nominees eight thousand nine hundred and ninety-five (8,995) Class "A" Common Shares of this Company at the price of One dollar (\$1) per share.

*By Mr. White:*

Q. Were there any treasury stock available at that time?—A. That was the amount of treasury stock that was available of Class "A" shares.

Q. There were that many left?—A. There were one million issued to the Syndicate, 770,000 to the company, 21,000 to the Roberts and 8,995 to Mr. Henry, which totalled 1,799,995.

*By the Chairman:*

Q. That takes up all the stock, does it?—A. All the Class A stock. There has been no Class B stock issued.

*Mr. White (Continues reading):*

After discussion it was moved by Mr. Aime Geoffrion, seconded by Mr. R. O. Sweezey, and unanimously resolved, that the proposed Contract of Engagement between the Corporation and Mr. R. A. C. Henry, a draft of which was approved at a meeting of the Board of Directors on the 3rd December, 1929, be modified by the insertion therein of a pro-

vision for the allotment and issue to Mr. R. A. C. Henry and/or his nominees of eight thousand nine hundred and ninety-five (8,995) Class A Common Shares at the price of one dollar (\$1) per share, and that the President or a Vice President or a Director, together with the Secretary or Assistant Secretary of this company be and they are hereby authorized to execute a Contract of Engagement with Mr. R. A. C. Henry modified in accordance with this resolution, and that eight thousand, nine hundred and ninety-five (8,995) Class A Common Shares of this Company's Capital Stock be and they are hereby allotted to Mr. R. A. C. Henry and/or his nominees for issue to him upon execution of the said Contract by him and payment to this company of one dollar (\$1) per share.

The CHAIRMAN: Was that the first time that this matter had come up?

Mr. WHITE: No. During the time of the regime of the provisional directors the original agreement was considered and approved, and this is additional.

The CHAIRMAN: That is what I say, the contract with Mr. Henry had been dealt with before.

Mr. WHITE: Yes.

The CHAIRMAN: But this is the first time that this situation on Mr. Henry's part arose.

The WITNESS: That is right, sir.

The CHAIRMAN: And is there anything significant in the exact number of shares. For instance, if there had been 20,000 left in the treasury would they have been given to Mr. Henry?

The WITNESS: I do not think so, Mr. Chairman. I cannot go that far.

*By Mr. White:*

Q. He took all that was left anyway?—A. That is right, Mr. White.

*By the Chairman:*

Q. You see, it is strange to me. I do not want to appear to be unsophisticated in these things, but just at the heel of the hunt Mr. Henry makes a stipulation that he take everything that is left and gets it. Now, was there any reason for it?—A. No, none that I can give, Mr. Chairman. It is the result of a conference between Mr. Sweezey and Mr. Henry. Mr. Sweezey was anxious to secure Mr. Henry's services and doubtless that was the stipulation that Mr. Henry made that he be granted the privilege of buying those shares.

*By Mr. White:*

Q. At that price?—A. At that price.

Q. They were then selling on the market at about \$15 a share.—A. Between \$10 and \$15. We could ascertain the price. I am not familiar with it. There were very few sales at \$15, and as soon as people paid that price the stock got down to a reasonable level.

The CHAIRMAN: Well, I will have to leave it at that, Mr. Griffith, but I must confess there is a doubt in my mind.

The WITNESS: Possibly some other witness can give you some better evidence on that point than I can.

Mr. WHITE: Then:

It was moved by Mr. Sweezey, seconded by Mr. Ebbs, and unanimously resolved that directors' fees be at the rate of one thousand dollars (\$1,000) per annum and twenty dollars (\$20) for each meeting attended.

Mr. STEWART: What was the date of that last meeting?

Mr. WHITE: 20th December, 1929.

Then meeting of the 5th of February, 1930, and there is a discussion and provision made for investing the escrow fund pending its requirement.

The CHAIRMAN: That is the balance of the \$22,500,000.

Mr. WHITE: Yes. On the 19th of February, 1930:

The secretary presented financial statement including the balance sheet of the corporation, as at January 31, 1930, and the statement showing the position of the Escrow Fund to February 18, 1930.

*By Mr. White:*

Q. I suppose you can furnish us with this without any difficulty, Mr. Griffith.—A. I can obtain it from Montreal. I have not got all the detail here.

Q. Will you do that, please?—A. Yes, I will.

Q. Are you making a note of these things?—A. I have some, and notes are being made for me.

Mr. WHITE: On the 19th of March, 1930, Mr. Henry appears to have been appointed vice-president of the company. Provision is made for payment of expenses.

And then on page 21 of this book:

The president reported that in connection with the negotiations with the city of Valleyfield, it had been found advisable to commence at once to co-operate with prospective new industries and to assist these industries to locate in or near the city of Valleyfield. In this connection, it was reported to the board that Mr. E. W. Brupbacher of Toronto was willing to establish a silk mill in or near the city of Valleyfield, and outlined to the board an arrangement which had been tentatively concluded with Mr. Brupbacher.

On motion duly seconded, it was unanimously resolved:

That whereas it is expedient for the company to invest an amount not exceeding two hundred and fifty thousand dollars (\$250,000) in the preferred shares of a company to be known as Brupbacher Silk Mills Limited or some such similar name as part of an issue of five hundred thousand dollars (\$500,000) of preferred shares.

That the President or a Vice President and the Secretary or Assistant Secretary be authorized to subscribe for preferred shares of the said proposed new Company at par to an amount not exceeding two hundred and fifty thousand dollars (\$250,000) conditional,

1st—Upon a subscription for two hundred and fifty thousand dollars (\$250,000) of preferred shares being made by E. W. Brupbacher and his associates;

2nd—On this Corporation receiving a bonus of one share of common stock for each share of preferred stock subscribed for;

3rd—On the proposed Company agreeing to construct within a period of twelve (12) months its plant in or near the city of Valleyfield; and

4th—On the proposed new Company agreeing to purchase its power from the Beauharnois Light Heat & Power Company.

The CHAIRMAN: What is the purpose of this, Mr. White, to show what?

Mr. JACOBS: Mr. Gordon, I suppose, suggests that before July 28th, there were people who were putting up works of that kind in Canada.

Mr. WHITE: I did not catch the significance of the date.

Hon. Mr. MACKENZIE: We did.



Mr. WHITE: I must confess innocence. If I had known it I would probably have accentuated it a little more than I did.

Then on the 16th of April, 1930 a resolution is passed in reference to listing of Class "A" common stock with the Montreal Stock Exchange and the Toronto Stock Exchange, and that applications are authorized for that purpose.

Then:

The Secretary presented financial statements, including balance sheet of the Corporation as at March 31st 1930, and the position of the Escrow Fund as at April 15th, 1930.

I would like to have those, if I may, Mr. Griffith.

Then notices in connection with the annual meeting.

And a meeting of directors on the 18th of June: The Secretary presented financial statements, including balance sheet of the Corporation as at 31st May, 1930, and the position of the Escrow Fund as at 17th June, 1930.

Then meeting on the 16th of July, 1930:

The Secretary presented financial statements, including balance sheet of the Corporation as at 30th June, 1930, and the position of the Escrow Fund as at 16th July, 1930.

And then there is this resolution:

Whereas the Company and its subsidiary companies as defined in the said Trust Deed, have made expenditures and propose to make expenditures amounting in the aggregate to Five hundred thousand dollars (\$500,000) for or in connection with the development or marketing of hydro-electric power resulting from the difference in level between Lake St. Francis and Lake St. Louis in the Province of Quebec, Canada:

*By Mr. White:*

Q. I suppose that is the \$500,000 that went to the capital stock of one of the companies?—A. No, sir. That is similar in form to a resolution which was passed at nearly every meeting, simply authorizing the Royal Trust Company as custodian of the Escrow Fund to pay to the order of the company, or to the order of the proper officers of the company the sum of \$500,000.

*By the Chairman:*

Q. For whatever purpose the company may require?—A. Well, the purpose for which the money may be required is laid down in the Trust Deed. It must be applied to expenditures which have been made or which it proposes to make for us in connection with the developing or marketing of hydro-electric power etc., etc. In other words, money from the Escrow Fund was not available to us to invest in the stock of the Brupbacher Company. Money from the Escrow Fund had to go, and the officers of the company had to show certificates, had to go into hydro-electric development of the company or of its subsidiary company, the Beauharnois Light, Heat & Power Company.

Mr. WHITE: Then there is a resolution fixing the salary of the Secretary Treasurer, and providing that the President be authorized to grant to any officer whose duties may require disbursements for entertainment, travelling or other expenditures, useful to the company, an expense allowance at a rate not exceeding \$300 per month.

The CHAIRMAN: That is modest.

THE WITNESS: I am the only officer who receives it.

MR. WHITE: On the 17th of September, 1930, the usual monthly financial statement was presented, and \$900,000 was authorized to be withdrawn out of the Escrow Fund for the purpose of development of marketing of hydro-electric power resulting in the difference in level between Lake St. Francis and Lake St. Louis.

Then the meeting of the 15th day of October, 1930, the usual monthly financial statement, and a resolution:

"That this Board appoint from its members a Committee to be known as the Advisory Committee, which Committee shall act in an advisory capacity to the various officers of the Corporation in connection with the performance of their respective duties and that this Committee shall consist of the Chairman of the Board, the President of the Corporation, the General Manager of the Corporation and Mr. S. Godin, Jr., and that the members of the Committee who are not otherwise in receipt of remuneration from the Corporation, shall be entitled to an annual payment of five thousand dollars (\$5,000) in lieu of the annual directors' fee of one thousand dollars (\$1,000)."

And on the 19th November the usual monthly statement and:

"Mr. R. A. C. Henry, the General Manager, submitted an estimate of cost of completion of the company's project to 500,000 horse-power, which estimate constituted a revision of the estimate previously prepared by the company's engineers and which was based on the experience gained during the present year."

*By Mr. White:*

Q. I would like to have that if it is convenient, Mr. Griffith.—A. That will be here. I will have to send away for it.

MR. WHITE: I appreciate that.

On the 17th December, 1930, the usual monthly statement with withdrawal of \$250,000 from the Escrow Fund, and this resolution:

"It was moved by Mr. S. Godin, Jr., seconded by Mr. J. H. Gundy, and unanimously resolved: That the disbursement of sums for traveling and sundry expenses to the extent of nineteen thousand five hundred dollars (\$19,500) be approved, and that this be sufficient authority for the officers of the company to have made such disbursements."

I understand, Mr. Symmes, that there are vouchers for that amount.

MR. SYMMES: Yes.

MR. WHITE: Then that completes the minutes of the Beauharnois Power Corporation. There may be some further minutes in the book.

THE WITNESS: There are minutes for 1931. I thought you had them all.

MR. SYMMES: No, we have not been supplied with them.

THE WITNESS: I will get those for you.

MR. WHITE: Meeting on the 15th January, 1931, there is nothing in there. Then on the 18th of February, 1931, the usual monthly financial statement and the annual meeting called for Wednesday the 11th of March.

Meeting of directors, 6th March, 1931, the annual report to the shareholders drafted and submitted to the meeting and approved.

*By Mr. White:*

Q. I suppose we can have that annual report, Mr. Griffith.—A. I think it is spread out there, is it not.

Mr. WHITE: May be. Then there is a minute:

"That the action of the officers of Beauharnois Power Corporation Limited in making an advance of two hundred thousand dollars (\$200,000) to Marquette Investment Corporation on June 2nd, 1930, and recording the advance in the books of Beauharnois Power Corporation Limited as advance to Marquette Investment Corporation be and it is hereby approved."

*By Mr. White:*

Q. That is the \$200,000 concerning which we spoke before, is it?—A. I do not think it is. I will have to get the detail of it and I will let you have that.

Mr. WHITE: Meeting of shareholders on the 11th of March, 1931, and the report is here. I suppose that could be supplied in printed form, could it not?

The WITNESS: We did not have it printed. We had copies of that multi-graphed.

Mr. WHITE: It refers first to the balance sheet and it says:

Expenditures for construction and the cost of properties, rights, etc., total \$28,768,815.53.

I propose, of course, to ask at the appropriate time for the details of those expenditures. That is in the details in one sense, but you have them segregated into classes:

Orders for equipment placed but not yet delivered amount to \$4,117,034.85.

#### CONSTRUCTION

Construction work on the power house and canal began in August 1929, but large scale operations did not commence until the spring of 1930. By the end of 1930 over 11,100,000 cubic yards of material were excavated. For the initial 200,000 horse-power installation it will be necessary to move, approximately, 32,000,000 cubic yards. About one-third of the construction work required for our initial installation has thus been completed.

Power which will be required for the enlargement of the initial plant to 500,000 horse-power will be supplied from the 200,000 horse-power installation. As power is an important factor in modern, large scale, construction operations, substantial savings will thus be effected.

They speak of purchases of equipment, material and supplies.

The magnitude of your company's operations is indicated by the fact that in addition to the purchase of equipment having a value of over \$10,000,000 real estate consisting of approximately 28,000 acres including valuable riparian rights on the St. Lawrence River, has been acquired at a cost in excess of \$5,000,000 and the payroll disbursements for the year 1930 involved approximately \$2,500,000. There has also been deposited with the government of the province of Quebec and with the Ontario Hydro Electric Commission securities with a value in excess of \$1,000,000 to guarantee the carrying out of the Company's obligations.

#### SUBSIDIARY CONSTRUCTION

The development of your project involves important subsidiary undertakings, including highway and railway diversions and the erection of four bridges across the canal and tailrace. Two combined highway and railway bridges and one railway bridge across the canal; a single highway bridge crosses the tailrace. The estimated cost of these structures and necessary diversions is \$5,206,238.



As the canal is over half a mile in width, the bridges are important components of the construction work. They will be built before water is admitted to the canal, thus materially reducing their cost.

The design and construction work of the canal are such that, with further dredging, it could divert any additional water, up to the full flow of the St. Lawrence.

We always get back to that:

The bridges, canal banks and the land required are all included in the cost of the first 500,000 horse-power installation. Further generating units could thus be added to the plan on a very low cost per horse power basis.

I propose to ask Mr. Henry about that at the appropriate time:

Construction work is proceeding ahead of schedule. Your directors are confident that the first installation of 200,000 horse-power will be completed well in advance of October 1, 1932. . . . They report that the work will be completed at a cost well within the original estimates.

Then it talks of power contracts:

Under contracts signed to date the Company can be called to deliver 462,000 horse-power of the 500,000 horse-power which will be available from the development now under way. Delivery of the first blocks of power under these contracts will commence on October 1, 1932.

The utilization of Beauharnois power in large metallurgical and chemical developments has engaged our attention. Negotiations leading to the establishment of an industry of this kind in the Beauharnois area have been carried on for some time.

If these negotiations are successful, the surplus power available from the 500,000 horse-power development will be insufficient to provide for the needs of this new industry. As the establishment of the industry is dependent on the immediate provision of an adequate supply of power, it has been deemed advisable to apply to the Province of Quebec for the right to divert more water through the canal.

The sales of power to date, the negotiations under way leading to the establishment of industry, and a survey of the power markets available to Beauharnois, lead inevitably to the belief that the full amount of power available at our site will be required much more rapidly than was at first anticipated.

With an undertaking of the magnitude of Beauharnois, it is gratifying to find that 18 months of operations are proving estimated costs to have been more than adequate. I am not unmindful that this is largely due to the efficiency of our officials and their staffs; to them I take this opportunity of expressing the sincere appreciation of the officers and directors of your company.

The secretary read to the meeting the consolidated balance sheet of the corporation and subsidiary companies as at December 31, 1930, together with the report of the auditors.

These were approved, and the Acts of the directors were ratified. Everybody is happy and a vote of thanks is moved to the officers. Then there is a directors' meeting of the 11th March, 1931. There is nothing of note there. A meeting on the 22nd April, 1931. It speaks of modifying certain agreements. That is an agreement for the machinery and so on. Then authority is taken by resolution for the officers to invest further sums in the Brupbacher Silk Mills. Then comes this resolution: "The president reported that Mr. R. A. C. Henry, the vice-president and general manager of the company, had recently in connection with the com-

pany's business incurred expenditures totalling \$9,000"; and it was unanimously resolved: "that the sum of \$9,000 be paid to Mr. R. A. C. Henry, vice-president and general manager of the company, to reimburse him for expenditures incurred by him on behalf of the company."

WITNESS: There is one more book of the power corporation containing three small meetings. That is the management of the preferred shareholders.

Mr. SYMMES: I have examined it, and there is nothing in it of importance.

*By Mr. White:*

Q. Is there anything in it that you think I should read, Mr. Griffith?—A. No, sir; just three small meetings.

Mr. WHITE: We next come to Exhibit 66.

Mr. SYMMES: That is a Delaware incorporation with a capitalization of 10,000 shares and no par value, issuable at such price as the board of directors may fix from time to time. The company was authorized to commence business with a capitalization of one thousand. The first meeting of the board of directors was on the 5th of October, 1929. The first real business occurred on page 57 of the minute book. At page 57 there appears the minute of a meeting of the 4th November, 1929, which appears to be the first meeting of the directors after the preliminary meeting incorporating the company. The board of directors then consisted of R. O. Swezey, K. M. Perry, E. S. Coleman, H. B. Griffith and J. W. McCammon. Is Mr. McCammon one of the Beauharnois executive, Mr. Griffith?

WITNESS: Yes, he is.

Mr. SYMMES: Mr. Swezey was president, Mr. Perry was vice-president, Mr. Griffith was secretary, Mr. Coleman was treasurer, and Mr. McCammon acted as assistant secretary and assistant treasurer. On page 59 of the minutes there is the following resolution:—

That subscriptions for not exceeding 2,000 shares of the capital stock of this corporation be opened at the office of the corporation after giving such notices as may be deemed expedient . . .

Mr. WHITE: Where is the head office?

Mr. SYMMES: In Delaware at that time. It was changed on or shortly afterwards to the Drummond Building, Montreal.

. . . and that at the time of subscribing every subscriber shall be required to pay the treasurer five dollars per share for each share of the capital stock of this corporation without nominal or par value so subscribed by him.

Then follows the minutes of the directors meeting held at the Drummond Building, Montreal, on January 3rd, 1930, at which Messrs. Perry, Coleman, McCammon and Griffith were present. There was submitted to the meeting a draft agreement between the company and the Beauharnois Construction Company providing for the rental of certain pieces of equipment the property of the Marquette Construction Company at an annual rental equal to 22 per cent of the cost of such equipment delivered at Beauharnois, Quebec. Let me say off-hand Mr. Griffith, that the equipment that was rented consisted of the five towers?

WITNESS: Yes. I think I should explain the purpose of having an American corporation in our corporate group. Some of the equipment which is being used at Beauharnois is not available—

*By Mr. Symmes:*

Q. It was for the purpose of seeing that you did not have to pay duty on the machinery, was it not?—A. Not for the purpose of avoiding the payment

of duty coming into Canada, but for the purpose of return of the duty on such of this equipment as we might sell if it was resold in the United States, and for that purpose it was preferable that the title should be vested in an American corporation.

Q. Or was it that you intended that the resale of the equipment was more readily available at better prices to the company in the United States than in Canada?—A. Quite.

*By Mr. White:*

Q. Was that the sole purpose of the company?—A. Yes.

Q. The whole function?—A. The whole function.

Q. And all that is done?—A. It is all done.

Q. The money being supplied by the power corporation?—A. Yes.

Q. Or the Light, Heat and Power Corporation?—A. By the Beauharnois Construction Company. I would have prepared myself—

Q. And the machinery was purchased by this company in the United States and rented to the construction company?—A. Yes.

Q. And to be returned to the United States after the completion of the job?—A. Yes. Not necessarily so; but it broadens our market for resale purposes.

Q. Exactly. And no other shareholders except—it is 100 per cent owned by the holding company?—A. By the Beauharnois Construction Company.

Mr. MONTGOMERY: I have been looking at this Trust Deed securing the bonds, during the recess, and I find that it satisfactorily clears up the discussion which we had at lunch time in reference to the evidence of indebtedness of \$7,500,000. On pages 14 and 15 of the Trust Deed will be found a description of the proposed mortgage. Section (a) being the shares of the different subsidiary companies set out in the second schedule; section (b) being all such shares of any other company as may be acquired by the company, or any of the proceeds of the bonds or monies received from the escrow fund. Section (c):—

all indebtedness at any time existing in favour of the company by reason of the application by the company of any of the proceeds of the bonds, or of any monies received by it from the said escrow fund, or by reason of the application by the company of the assets acquired with any of the proceeds of the bonds, or of any monies received by it from the said escrow fund, except such monies as may be payable to the company as interest or in lieu of interest upon such indebtedness; and doth hereby covenant that the shares held by the directors of the said companies enumerated in the second schedule hereof will forthwith be made subject to lien thereof as part of the specifically mortgaged premises.

Then on page 18 it is provided that all such evidence of indebtedness shall be made over to the trustees, the paragraph reading as follows:—

5. The company will deliver or make over to the trustee in such form that the same may be enforced by the trustee, any and all promissory notes or other evidences of indebtedness obtained by it in respect of any of the indebtedness referred to in subparagraph (c) of subclause (a) of Section 1 of this article III (except such monies as may be payable to the company as interest or in lieu of interest upon such indebtedness) and will at the request of the trustee, from time to time obtain promissory notes or other evidences of indebtedness in respect of any of such indebtedness, provided, however, that until the security hereby created shall have become enforceable and the trustee shall have determined or become bound to enforce the same, the trustee shall not, except at the



request of the company, enforce the indebtedness represented by such promissory notes or other evidences of indebtedness, or any of them, and shall from time to time at the request of the company permit the renewal, replacement or substitution of any of such promissory notes or other evidences of indebtedness by other promissory notes or other evidences of indebtedness.

6. Until payment in full of the indebtedness mentioned in subparagraph (c) of subclause (a) of Section 1 of this article III, all payments (other than dividends) made to the company by the debtors of such indebtedness shall be deemed to be made in respect of such indebtedness.

Consequently the payments in respect of this seventy-five and twenty-five and five had to be made to the trustee, and any payment made by the Beauharnois Corporation and Beauharnois Company will be deemed to be made on account of this indebtedness. Then there is a proviso that these bonds can be sold, the proceeds to be deposited with the trustee, and there is an article dealing with the escrow fund. On page 38 will be found the paragraph with reference to the escrow fund, and the procedure of drawing monies down from the trustee. The purposes of the escrow fund are set out, first, interest; second for the payment of all amounts payable by the company as consideration for the acquisition by the company of the undertaking and assets of the Beauharnois Power Syndicate;

(c) for the payment of expenditures from time to time made or proposed to be made, either by the company or by one or more subsidiary companies or stock pledged companies, for or in connection with the development or marketing of hydro-electric power resulting from the difference in level between Lake St. Francis and Lake St. Louis in the province of Quebec, Canada, including therein, but without limiting the generality of the foregoing taxes, rates and assessments, governmental fees and duties and overhead and other expenses of the company and of the subsidiary companies and of the stock pledged companies, and expenditures for the acquisition of rights and other property of any and all kinds in connection therewith.

The CHAIRMAN: I presume it provides for a method of withdrawals?

Mr. MONTGOMERY: Yes, it goes on to provide for the different certificates to be given in order that the twenty-seven can be drawn down from the trustees.

The CHAIRMAN: Is there a copy of that in the record as an exhibit?

Mr. MONTGOMERY: No.

The CHAIRMAN: Is there any objection from the standpoint of the company's domestic economy?

Mr. MONTGOMERY: None at all.

The CHAIRMAN: I think it is desirable to have it put in as an exhibit.

Mr. MONTGOMERY: I will direct attention to pages 14 and 15, page 18 and page 38 which deals with the escrow fund, and the twenty-seven can be drawn down from the trustee.

Mr. WHITE: What page of the deed?

Mr. MONTGOMERY: Page 38 is the last page I gave you.

The CHAIRMAN: Shortly, the funds, I presume, can be realized from escrow on the certification of some officer?

Mr. MONTGOMERY: The escrow fund shall be paid out by the trustee from time to time to or to the order of the company:—

(a) Pursuant to a resolution of the Board of Directors of the company authorizing the payment out of the amount or amounts therein

stated and stating in general terms the purpose or purposes for which such amounts are required and approving the application of such amounts for such purpose or purposes; and

(b) Upon a written request and certificate in respect of each withdrawal, stating the amount or amounts required and certifying that the same are required for one or more of the purposes set out in such resolution and describing generally such purpose or purposes. Such requests and certificates shall be signed for or on behalf of the company by its president or a vice-president or managing director or general manager or two directors, and by the secretary or treasurer or an assistant secretary, or an assistant treasurer, or shall be signed by such other persons as may from time to time be authorized by resolution of the board of directors.

PROVIDED, however, that sufficient amounts to pay all unpaid interest....

and so on. In the meantime the monies are to be invested by the trustee.

The CHAIRMAN: I suppose there is a general clause relieving the trustee?

Mr. MONTGOMERY: Yes. "Until paid out by the trustee in accordance with the provisions of this Article IX, the escrow fund, or so much thereof as shall from time to time remain in the hands of the trustee, shall be held by the trustee in trust as security for the bonds outstanding hereunder and shall be subject to the lien hereof as part of the specifically mortgaged premises."

Mr. WHITE: That is all very clear except one thing. I do not quite understand why he says that the monies returned to the company of the seven and a half millions as to which there is evidence of indebtedness would be paid to the bond holders.

Mr. MONTGOMERY: That is provided. The evidence of indebtedness is pledged to the trustee, and the company undertakes—

Mr. WHITE: Does my learned friend say it goes into a sinking fund? How is it paid over? Does it then become part of the escrow fund?

Mr. MONTGOMERY: Yes; and all monies except dividends. For instance, Beauharnois Light, Heat and Power Company will be deemed under Article VI to be paid on account of this evidence of indebtedness.

Mr. WHITE: And would form part of the escrow fund?

Mr. MONTGOMERY: Yes.

(Trust Deed filed, marked Exhibit 73).

Mr. SYMMES: To return to Exhibit 66, Mr. Chairman, I thought you would be interested in seeing how the stock of that company was taken out. At page 64 of the minutes it appears that the Beauharnois Construction Company subscribed for 1,990 shares of the 10,000 total capitalization at \$5.00 per share, the subscription being accompanied by a cheque for \$9,950, in payment of the subscription price; and Mr. Hugh B. Griffith subscribed for 8,000 shares of the capital stock of this corporation in consideration whereof the sum of \$40,000 shall be payable in cash, and \$120,000 shall represent the value of the agreement with the Beauharnois Construction Company as set forth above. Has that reference to the agreement in respect of rentals?

The WITNESS: That is right, Mr. Symmes.

Mr. SYMMES: Have you any other explanation to make as to that, Mr. Griffith?

WITNESS: I do not think so. I think I should add that the stock is vested in the Beauharnois Construction Company, stock for which I subscribed. That is to clarify the statement I made previously.

Mr. SYMMES: Yes, I was coming to that. Was that \$40,000 paid, or was it merely—

WITNESS: No, it was paid.

Mr. WHITE: And not paid back.

WITNESS: It was recovered.

Mr. SYMMES: The next item is on page 69 of the minutes, the meeting of the 3rd November, 1930, where there is a report of the operation of the company up to September 30, 1930, and a financial statement of that date was submitted.

WITNESS: It all appears in the consolidated picture.

Mr. SYMMES: Then, as to the next company, there is Exhibit 67—the Beauharnois Construction Company. That, Mr. Chairman, is a company incorporated under the laws of the Province of Quebec—the Beauharnois Construction Company as distinguished from the Marquette Construction Company. This incorporation was under the laws of the Province of Quebec, the first provisional directors meeting being July, 1929. The capitalization was 100,000 shares without nominal par value. The capital of the company was not to be less than \$500,000. The first directors were Messrs. Swezey, McCammon, Griffith, Christie and H. Newman. At page 22 of the minute book, the chairman of the meeting reported that the Beauharnois Power Syndicate—that is the second syndicate—had subscribed for 45,995 shares of the capital stock of the company at \$10.00 per share upon allotment, such subscription being accompanied by cheque for \$499,950.

*By Mr. Symmes:*

Q. Was that amount, plus the five incorporated shares, the total amount of capital stock that has been issued and still remains?—A. Yes, Mr. Symmes.

Mr. SYMMES: Page 23 of the minute book. It is seen, Mr. Chairman, that the syndicate sells with regard to its preliminary work a certain equipment to the company for \$500,000. At page 31 of the minutes we come to a meeting of the board of directors of the 6th November, 1929, where a proposed agreement with the Beauharnois Light, Heat and Power Company is referred to, constituting a contract for the construction of a power canal and hydro electric development of 200,000 h.p.

The CHAIRMAN: What is the purpose of this, Mr. Symmes? What are you now putting in?

Mr. SYMMES: I thought I would give to the committee the high lights of these minutes as they have been put in.

The CHAIRMAN: All right, go on.

Mr. SYMMES: Then there is the minute of the 21st December, 1929, and reference approving of the acquisition of the 1,990 shares, Marquette Construction Corporation, which was dealt with in Exhibit 66. At the next minute, the 6th of January, there is a corresponding reference mentioned by Mr. Griffith of the sale of the company of the other 8,000 shares of Marquette Construction Company which Mr. Griffith told you got to the Beauharnois Construction Company.

The CHAIRMAN: Really, I have been looking through these minutes, and I cannot just see where this is going to help us. We want to shorten the evid-



ence as much as possible. We have only a short time in which to conclude the deliberations of this committee. We are just about to adjourn, but I think probably the committee might leave it to me, and if Mr. Symmes can disclose to me where this is going to help us—I think I know the mind of the committee pretty well and what it wants done—and if you can disclose to me this evening just what you have in mind, I can let you know whether this is of importance or not.

Mr. SYMMES: The balance of the book seems to be routine.

The Committee adjourned to meet at 10.30 Friday, July 10th, 1931.

HOUSE OF COMMONS, ROOM 231,

FRIDAY, July 10, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon, presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: May I ask Mr. Griffith to step into the box for a moment.

HUGH B. GRIFFITH, recalled.

Q. You produced to me a document called "Beauharnois Power syndicate, distribution of cash, and common shares to holders of part interests," which I understand to be the record of those, who at the time of the dissolution of the syndicate, that is, the second syndicate, were the holders of units?—A. That is right.

Q. And showing what was received by each in respect to part interests held by each, and to whom the money and shares respectively were distributed?—A. That is right.

Q. It starts at the back with an alphabetical index opposite the name of which appear certain numbers, and these numbers refer to numbers in the body of the document, and by reference to a number, you can find out from the alphabetical index who the party is and what the amount of money and shares received by each amounted to?—A. That is right, yes.

Q. This will be Exhibit No. 74. The body of the document, the names in the body of the document are not arranged in alphabetical order, but the index is, and by reference to that—

Mr. LENNOX: What is that again; I did not get that.

Mr. WHITE: This document contains the names of those who are holders of part interests in the syndicate at the time of its dissolution, and is a record of their holdings, the amount of cash in respect of those holdings, and the amount of shares in the Beauharnois Power Corporation which were transferred to each holder of part interests on the dissolution.

The CHAIRMAN: Exhibit 74.

Document filed and marked Exhibit No. 74.

Mr. WHITE: This is an example, so that it may be understood. Taking one example, looking at the index you will find B. C. Bond Corporation Limited, 206. Turning to 206 on page 14, we find that there are 151 and 127 units.

The WITNESS: Excuse, me, Mr. White, these are the numbers of the certificates.

Mr. WHITE: The second column of figures is the number of units, and they had four and six, and these were distributed to Harry E. Boorman, who got \$418.75, and 112 shares, and William S. Campbell, who got \$418.75 and 111 shares.

The CHAIRMAN: It is clear to me.

Mr. WHITE: The numbers 151 and 127 are the numbers of the certificate, and the numbers 6 and 4 are the number of part interests. These 10 part interests were distributed to those particular persons, and the next column is the amount received for the shares. That is all, Mr. Griffith.

Mr. WHITE: Mr. Chairman, Mr. White has intimated that he is very anxious to get away, and I understand has some very important engagement, and if it is convenient for the committee to hear him now, I would suggest that he be heard.

Mr. JACOBS: Who is that?

Mr. WHITE: Arthur White.

ARTHUR WHITE, called and sworn and examined by Mr. White.

Q. I understand you are an officer of the Dominion Securities Corporation?—

A. Yes, sir.

Q. What position?—A. President.

Q. And director of the Bank of Commerce?—A. Vice-president of the Bank of Commerce.

Q. And director of the Bank of Commerce?—A. Yes.

Q. And you have been engaged in Toronto in financial enterprises of various sorts for some years?—A. Thirty years.

Q. And I understand in a fairly large way?—A. I cannot answer as to that.

Q. We will take it as read.

Mr. JACOBS: Not as white.

Mr. WHITE: Mr. White lived on the same street as I did once, but he has moved to the corner of Easy and Broad, and I am still where I was.

Q. Your company became interested, that is, the Dominion Securities Corporation became interested in this Beauharnois project?—A. Yes.

Q. And when first, if you will kindly recall?—A. I should say sir, about 1926?

Q. 1926. And were you the officer of your corporation who actually had the matter in charge?—A. Yes, sir.

Q. And who did you first meet in connection with the project?—A. Mr. Sweezey.

Q. Mr. R. O. Sweezey?—A. Mr. R. O. Sweezey.

Q. And as you were discussing the matter with him, was he representing the Beauharnois company or representing Newman, Sweezey and Company?—A. Newman, Sweezey and Company.

Q. The discussion, I take it, being between you and him from the bankers' standpoint. When I say "bankers" I mean the securities standpoint.—A. Sir, if I may answer it in this way: We are in no sense what you might term a promotion house.

Q. Yes?—A. Ours is a large distributing organization. Messrs. Newman, Sweezey and Company are more in the nature of an originating house. When this was first introduced to our people by Mr. Sweezey, it was very much in the nature of an idea with a large modicum of hope in it; that it was something he hoped to be able to develop, and it was on that basis it was introduced to us.

Q. In other words, may I take it that Mr. Sweezey approached your?—A. Quite.



Q. —approached you about it, with the idea of enlisting your services in helping to finance the enterprise.—A. It was unusual in this sense, sir, that it was almost purely a gamble at that stage, and the amount suggested to start the thing was small, I think \$25,000. We, I think, were the pioneer house in Canada in the financing of hydro electric enterprises, and most of them have started—they are essentially an idea transaction in the early stage, because it is not a business in a public way, if you follow me—

Q. Yes, owing to the nature of the enterprise.—Quite.

Q. Then, I take it that you mean that there has to be a certain amount of engineering data acquired and the work has to progress to a certain point before public financing would take place. Were you consulted before the forming of the first syndicate?—A. I cannot answer that, sir. It moved along without any particular interest on our part from that time on.

The CHAIRMAN: Perhaps you can give me the date of the first syndicate?

*By Mr. White:*

Q. Can you give it to me offhand?

Mr. LENNOX: May 12, 1927.

Mr. WHITE: Yes, May 12, 1927.

The WITNESS: Well, we were approached quite some time before that.

*By Mr. White:*

Q. Some time before that?—A. Yes.

*By the Chairman:*

Q. Some time in 1926?—A. I would think so.

*By Mr. White:*

Q. And did you see others than Mr. Sweezey in connection with the matter?—A. Not that I recall.

Q. Then you became interested in the Syndicate, or your company did.—A. The small start that we had participated in took rise in the formation of a somewhat larger Syndicate.

Q. The first Syndicate had 5,000 part-interests?—A. Yes.

Q. And your company subscribed, I understand, for some of those?—A. Quite.

Q. Do you remember how many?—A. Our first subscription was \$25,000. That would be 250 part-interests, and later on, if I remember rightly, we subscribed in addition another \$50,000. I know our interest in all, as I recall it, was 1,000 part-interests, a comparatively small interest in the Syndicate.

Q. That is 1,000 of the 25,000 or  $\frac{1}{25}$ .—A. Yes, sir.

Q. And you subsequently undertook, as has been shown here—what you actually did, you and Newman, Sweezey & Co., purchasing \$30,000,000 of bonds?—A. In December, 1929.

Q. Yes.

*By the Chairman:*

Q. Just before we go further. Do I understand you correctly when you say that you paid \$75,000?—A. That is my recollection, sir, of the amount invested by us.

Q. For the 1,000 part-interests?—A. For the 1,000 part-interests.

*By Mr. White:*

Q. Then as between yourselves and Newman-Sweezey & Co., was there any arrangement as to how much of the \$30,000,000 should go to you and how much to them?—A. No, sir. The rough arrangement was this: Sweezey under-

took to look after the project from its conception because it was not our business and we were not qualified to do that sort of thing. We, on the other hand, from the first undertook to take care of the financing as and when it developed, and the general understanding between the two firms was that when the financing stage arrived it would be on joint account.

Q. But was there any actual division between you and Newman-Sweezey & Co., of the amount of \$30,000,000 of bonds?—A. I do not quite follow your question, sir.

Q. Did you buy 15 and they buy 15, or did you buy a certain proportion, or was there any proportion, or was it wholly a joint enterprise?—A. It was a joint enterprise.

Q. That does not make it quite clear either perhaps.—A. Are you at a consideration of the banking Syndicate's first operations in December, 1929?

Q. I am asking purely about the purchase of the \$30,000,000 of bonds.—A. That was actually purchased, sir, by an account consisting of Newman-Sweezey and ourselves, and I am not quite clear if Wood Gundy were actually a purchaser, that is, as to having signed the original agreement; they did have a one-third interest in the purchase, so that was, what we call in the language of the street, a three-three account.

Q. That is, that the whole matter was handled through one account and a division took place when the bonds were disposed of?—A. Right.

*By the Chairman:*

Q. The profits would be divided three ways or if there happened to be losses they would be assumed three ways?—A. In general that is correct, sir. The handling of a banking syndicate, if you would like me to discuss that briefly, is a rather involved affair. Your first Syndicate almost immediately sells to a banking Syndicate which brings in a considerably larger number of important distributing organizations. They in turn sell at a step-up to a much larger Syndicate consisting of distributing organizations. In other words, our problem is to begin to step down the liability because you will remember from the outset we were confronted with a commitment of \$27,000,000 and, in turn, to build up to your final distributing centre which, in this case I think consisted of 157 banks and distributing bondhouses and brokers. Now, to answer your question, sir. The three houses would participate equally in the first stage. They would then probably have varying interests in the second and third stages based upon their selling ability and performance.

*By Mr. White:*

Q. Then in addition to the \$30,000,000 of bonds you, shall I say, in effect received as a bonus 770,000 common shares?—A. You see, sir, as I said before this was essentially a private syndicate operation up until approximately December, 1929, two entirely different sets of capital being interested, the first a smallish group of money privately subscribed, selling to a company which would need to dispose of approximately \$80,000,000 of securities in order to complete the project. Now, the Syndicate—

Q. May I interrupt you there for just a second. When you mention \$80,000,000 that is the figure that it was supposed the project could be completed for.—A. Our estimates at that time, sir, and they may have been refined slightly since downwards, were that the first 500,000 h.p. would be brought in as the result of the sale of \$30,000,000 of debentures and approximately \$50,000,000 of first mortgage bonds.

Q. Well now, if I have not broken the train of your thought, will you please continue.

*By Mr. Stewart:*

Q. That is, \$80,000,000 for the first 500,000 h.p.?—A. Yes, sir. That is fully set out in the prospectus. Your Syndicate really had nothing to sell until approximately November, 1929, for the simple reason that while in the earlier stages it had its charter, its lease from Quebec, the approval of its plans, a great deal of engineering work done, a great deal of land bought and all that sort of thing, it was only in November or October when they really had sold its power, and until it had sold its power it really had nothing on which to finance.

Q. When you say "sold its power," you mean by that the two power contracts, the one to the Hydro-Electric Power Commission of Ontario and the other with the Montreal Light, Heat and Power Consolidated?—A. None of them—

Q. May we take it, therefore, that so far as the financing is concerned the entering into of those two contracts, or some such similar contracts was the *sine qua non*, so far as the financing was concerned?—A. Without the power being sold there was no possibility of their having financed.

*By Hon. Mr. Mackenzie:*

Q. The first real assets they had?—A. Yes.

*By the Chairman:*

Q. They had the natural resource, but to turn it to account they had to have some place to put it to work?—A. Yes, sir.

Q. And these two contracts enabled those interested to raise sufficient money to carry it to completion?—A. Yes, sir.

*By Mr. White:*

Q. By reason of the fact that they could be said to guarantee, or be a sufficient guarantee that the interest on the bonds would be paid?—A. Quite. I might say here, sir, that it had reached very sizeable proportions by December because, if I remember rightly, the amount expended was some eight and a half millions of cash. Of that sum two and a half million had been subscribed by the Syndicate. The finding of that money rested on ourselves and we guaranteed that, that is, the Dominion Securities and Newman-Sweezy and Company guaranteed to the banks who had advanced that money, the repayment of the advances.

Q. And took assignment as security?—A. The assignments, sir, were only partial security, because that represented only the uncalled amounts of the subscriptions.

Q. Quite so, 50 per cent of the subscriptions?—A. Yes, sir.

Q. Then, if you will continue, please.—A. The Syndicate then had an undertaking to sell. But it was a construction enterprise, one not easy to finance, and I know of no construction proposition where it is up to the bankers to find all the money, where any other group of bankers would have dealt on the same terms that we did, that is, that they would have demanded a larger share than 40 odd per cent of the equity which we insisted upon as part of our purchase. In other words, we got for \$27,000,000 thirty millions of debentures, that is, at ninety, with 770,000 shares, approximately 40 per cent of the equity.

Q. 40 per cent of the common shares?—A. 40 per cent of the common shares.

Q. That is, the Class "A" common shares?—A. The Class "A" common shares which represented no value. They were the hope chest of this undertaking and could only be made worth whatever good management and some luck might develop in the future.



Mr. WHITE: I suppose the use of the word "hope chest" has nothing to do with the proximity of the cedar.

Sir EUGÈNE Fiset: You are too "rapid" for me, Mr. White.

The WITNESS: Well, I think I have completed that phase of it, sir.

*By Mr. White:*

Q. Well then, were a certain number of the 770,000 shares disposed of as bonus with the bonds?—A. Yes, sir.

Q. How many of them?—A. 150,000 shares.

Q. 150,000 shares. That would be one common share for every \$200 of bonds purchased?—A. That would be 5 shares per \$1,000 of bonds.

Q. Dividing 10 by 5 gives 2?—A. Yes.

Q. And at what price were the bonds sold to the public?—A. Nominally for the price of par.

Q. I understand that there were some slight variations in the prices, or were there?—A. You always break the back, sir, of an undertaking of this size, or any sizeable issue by the large sales and not the small sales, and the large sales are always made at important concessions.

Q. Well, of course, I appreciate that. In addition to that, what you have told us is that you have made arrangements with distributing agencies and, of course, they must receive commission for their work?—A. Quite so. But in addition to that, sir, if I make myself clear, all the large institutions as a matter of practice buy their securities in sizeable lots that they usually buy at very important concessions from the nominal small lot price.

Q. Then that left 620,000 Class A shares?—A. Yes.

Q. The property of Newman-Sweezy and Company and the Dominion Securities?—A. Yes, sir.

Q. And Wood, Gundy?—A. Wood, Gundy.

Q. A third of those belong to each?—A. Approximately, roughly, sir.

Q. That would be 206,666?—A. I have forgotten the exact amount.

Q. Divided 620,000 by 3 and you get 206,000 roughly?—A. Yes, but are you asking me, sir, exactly how many shares we had?

Q. I undersand you to be speaking approximately?—A. Yes.

Q. And that, therefore, the resultant figure would be approximate also?—A. Yes.

Q. Then the bonds having been sold approximately at par, there would be a spread between the purchase price and the price paid by the public of approximately \$3,000,000?—A. Yes, sir.

Q. Has your company retained or disposed of the Class A shares which you acquired with the bonds?—A. I know of no sales that we had made, sir.

Q. We may take it then that—A. Substantially what we received are with us.

Q. Are still with you?—A. Yes.

*By Mr. Lennox:*

Q. Are those the shares that are now selling at \$5.50 or \$6?—A. Sir, there has never been a very big marketing in these shares. The great bulk of them were originally placed in strong hands like ours. They have never been placed on the market. There has never been any effort made to create a market, or run a pool or anything of that sort of thing, and there has never been an offering of any of those shares,—purely the activities of the brokerage fraternities in stimulating a little interest in a security, and there have been a few sales from time to time; but it would be quite impossible to liquidate a large block of shares on the present market because, in fact, there is really no marketing in those shares. There has never been an attempt to create a market.

Q. Of course, that is not done. One does not attempt to create a market. There have been, on the other hand, efforts to depress the market a little bit?—A. No, sir.

Q. I thought there had been?—A. I know of no assistance that the security markets of to-day need for depressing values.

*By the Chairman:*

Q. You think the skids are sufficiently well greased without any assistance?—A. I do, sir.

*By Mr. White:*

Q. I assume, of course, that your information could not perhaps be accurate, but would you tell us, as far as you can, whether these bonds were sold generally in Canada or in foreign countries?—A. This operation was undertaken in December, 1929, and I think you will recall that in the late autumn of 1929 there was a slight disturbance in the security markets of the world.

The CHAIRMAN: Two disturbances, were there not, one in October and the other in November.

Mr. WHITE: They followed so closely on the heels of each other that the paths to the bank were worn deep.

The WITNESS: This was a very large commitment, I think possibly the largest of its type ever undertaken in Canada. We had always expected to undo a fair share of this commitment in the American markets. I think throughout the early part of 1929 we had representations from almost every old American investment house for participation in the business. In December when this business was ready you could not find an American investment house with a telescope. That market was virtually barred to us. As a matter of fact, I think we sold no securities in that great market at all.

The CHAIRMAN: The signs over the doors of investment houses were changed. They became something else overnight almost.

The WITNESS: The greater part of this issue was sold in Canada, with some smaller amounts in England and the Continent. If I may suggest this, sir: It was the most courageous financing ever undertaken in Canada, having in mind the condition of the time in which we undertook it and the lack of any assistance from the American market which is usually a very fair participant.

*By Mr. White:*

Q. The real point that I am endeavouring to elucidate is as to whether the great bulk of these bonds are actually held in Canada?—A. Yes, sir.

Q. Some figure has been given me, I think 95 per cent. Would that be in accord with your view?—A. I would think so.

Q. And these are still held very largely in Canada, I understand?—A. Yes.

Q. And large blocks of them in Toronto?—A. Yes, sir.

Q. Then you became, we are told, an officer of the Beauharnois Power Corporation Limited?—A. Yes, sir.

Q. In December of 1929?—A. Yes, sir.

Q. December 20th, 1929, to be accurate about it, I understand?—A. Yes, sir.

Q. And also Vice-President of the Beauharnois Light, Heat and Power Company, I understand, on the 21st of May, 1930?—A. Well, I know that I was the Vice-President of the Power Corporation. I am not at all active and presumably I have some office in the subsidiary companies although that is relatively unimportant because they are all wholly owned, as you know.

Q. Yes. And then, as we have been told, you are the holder jointly with Mr. R. O. Swezey of the three Management Preferred Shares?—A. That was

something that I insisted on at the time, sir, that three of the five shares would be registered in the joint names of Swezey and myself with proper provision for acquisition in the event of death or removal on the part of either of us by our respective firms so that, in effect, the banking house responsible for this issue would be able to keep control of the situation during the period for which the management shares rank.

*By Sir Eugène Fiset:*

Q. That is ten years?—A. Ten years.

*By the Chairman:*

Q. That was for the purpose of having the continuity of management which would be under the control of your houses, you feeling that you were responsible to your plants for the success of this operation, but you did not want to let the control get away from you—a very proper condition, I think, probably?—A. If I may just suggest this, sir: It was about that time when it was very fashionable for the huge super-power holding companies, formed principally in the States—at that time they were buying the world over control of public utilities. Conceivable, although perhaps improbable, that if through purchase in the open market the control of this undertaking had gotten into the hands of a group like that, management fees and all that sort of thing might have been imposed upon the company at the expense of the security holders, and it is considerations of that kind which actuated the setting up of management shares so that the banking house could retain control through its right to move or elect the board of directors for a period of ten years.

*By Mr. White:*

Q. Until the creeping stage was passed?—A. Yes, sir.

Q. Then you were present at the sitting yesterday, I understand?—A. Yes, sir.

Q. And heard some discussion as to an evidence of indebtedness from the Beauharnois Light, Heat and Power Company, to the Beauharnois Corporation of \$7,500,000. Do you desire to say something about that?—A. What I would like to bring to the attention of the committee is this: We, as I told you before, took no active hand in the proceedings of the Syndicate. However, as the undertaking began to assume final proportions and approached the stage where it could be financed, not having had any personal contact with the management and operation of the Syndicate, I asked for an independent audit of the affairs of the Syndicate, which was prepared by Price, Waterhouse in or about August of 1929. I happened to be abroad in July and part of August and, if I remember rightly, it was ready when I came back. Now, that was what we, the Dominion Securities, were chiefly concerned in, the value of this undertaking when it was transferred to the company which had to finance it. From that examination it was clear that the cash provided over and above the amount actually subscribed by the Syndicate members was, as has been brought out in this investigation, some \$2,000,000. So our problem in December, 1929, was to appraise for the new company the soundness of the value of the assets which we bought.

Q. That is, which the new company bought?—A. Which the new company bought from the Syndicate. Now, there was some precedent for comparing those values. I am not familiar with the actual terms but there was the sale of the Pagan Falls Development by the Canadian Pacific Railway to the International Paper Company. A similar transaction is the one of The MacLaren Co. They purchased some water rights on their river from the International Paper Co. In other words, there is some principle established for valuing on what you might term raw powers, and while this was not quite on all fours with that we felt that the valuing of this concern valued in that way was a reasonable one.



Now, that so far as we know, sir, is the only cash profit taken from this undertaking. The Jones profit resulted from his selling to other people interests which he owned in the Syndicate at the rather fantastic values which existed in the highly speculative period which you will remember was almost in zenith of the golden era. I would just like to make that clear, sir, that these profits of which we hear so much in the Press to-day did not come out of this. That amount was limited to \$2,000,000. Now then, from the point of the auditor's report our solicitors took hold, Blake, Lash, Anglin & Cassells, and Messrs. Meredith, Holden & Heward for the company, and they were charged by us to see that the transfer of the assets from the Syndicate to the new company followed our understanding, that that was the amount of profit involved.

Now yesterday, sir, you went through a great mass of documents all referring to the transfer of the property to the Beauharnois Power Corporation and its subsidiaries. In substance that was one transfer. A transfer of the property to the Beauharnois Power Corporation and its subsidiary. In substance, all was one transfer. The Beauharnois Power Corporation owned, as you know, fully owned, at least owns all of the shares of the subsidiaries. These subsidiaries were set up and very largely to departmentalize the undertaking. The particular item which you referred to yesterday is the result of this. \$30,000,000 was borrowed on behalf of this undertaking. The Beauharnois Power Corporation, which has no earning power whatever, is merely a holding company, in order to discharge its obligations to the public, deals in turn with obligations to it from its subsidiaries.

*By Mr. White:*

Q. Just right there—A. Yes, sir.

Q. If, as a matter of fact, the Beauharnois Light Heat and Power Company had an earning capacity justifying the payment of dividends on its shares, then the Power corporation have an earning capacity?—A. Quite so. But prior to that the Beauharnois Light Heat and Power must pay first, interest on sinking funds on its own bonds, secondly, interest on sinking fund on its evidence of indebtedness to the Beauharnois Power Corporation, and then its net residue advanced to the holding company—

Q. The long and short of it is that that amount was set up as an evidence of indebtedness so that the power corporation would be able to show on its books that, on the one hand, a book issue of \$30,000,000 and on the other an evidence of indebtedness of equal amount?—A. Exactly.

Q. And, it is the only significance to it?—A. Exactly.

Q. Were you consulted about the Sterling Investment transaction?—A. No, sir.

Q. Did you know about it?—A. Only in a general way. It was mentioned in the Price, Waterhouse report, as shares having been given for the acquisition of the company.

Q. Did you make any enquiry about it?—A. No, sir.

Q. Was it brought to your attention by Price, Waterhouse and Company's report that the total capital stock of that company was?—A. Not that I recall sir.

Q.—five shares?—A. We were dependent entirely on the syndicate managers as to the wisdom of their operations.

Q. You have told us you had asked for an independent audit, and I assume the object of that audit was to enable you to form your own independent opinion as to the value of the assets which were to be turned over by the syndicate to the company?—A. Right.

Q. And it must have come to your attention, that these people whoever they were, were receiving 2,000 units?—A. We must have accepted the explanations of the managers, that that was an expedient and useful thing to do in the marketing of this project.

Q. I can quite appreciate that; but what I wanted to get at really was whether you, at that time, as far as you now recall—of course it must be qualified in that way—whether you actually went into that transaction and enquired as to what assets were to be represented by this 2,000 units, because that means \$200,000 as compared with the prices that other people were paying for units?—A. All that I can say on that, sir, is that it was represented to us as a useful thing to have done at that time, to have acquired that opposition. It was a prior claim, as explained to us.

Q. Is that the ground upon which it was made?—A. Yes.

Q. And the only justification?—A. Yes.

Q. Which was offered to you?—A. Yes.

Q. Did you, as a matter of fact, know, or was it brought to your attention that only five shares had been issued, at one dollar per share, or five dollars per share, I have forgotten which, and that an application had been made in 1924, on July 5th, and following that in the fall, that the then Minister of Railways and Canals had written that the application could not be considered, at least until after the Joint International Board had made its report?—A. So far as I am concerned, we did not question that, in the detailed way in which you are suggesting.

Q. I am wondering why, because of the fact that I know some of the care with which you go into these matters, and because of the fact that you were applying—that you had all data, and that you did consider that the cash profit was not out of the way from your standpoint, at least somebody was apparently making a pretty fair thing out of this Sterling Investment Corporation deal—as to why your mind was not directed to an enquiry as to some of the particulars as to who these people were, and how they came to be selling what apparently on the face of it, at least, was a perfectly valueless thing?—A. Well, sir, I do not know whether you are right to say it is valueless.

Q. I say, on the face of it.

Mr. JACOBS: I think they could treat it as inactive assets.

Mr. WHITE: Frozen. I want to tell you ice is not of much use in a power scheme.

The WITNESS: I remember reading Mr. Jones's evidence. I was not here. He said he had approached Mr. Taschereau, if I remember rightly, I am just taking it very sketchy, he said he had approached Mr. Taschereau who had advised him that he was late in his application because of Mr. Swezey's. I have had no experience in this sort of thing, but I have always understood when there are prior applications lodged with the department, for some reason or other they have a value possibly far and beyond their intrinsic value.

*By the Chairman:*

Q. Why?—A. I cannot answer that sir, because we merely accepted the explanation given by the syndicate managers.

*By Mr. Jacobs:*

Q. You are not complaining, Mr. White, are you?—A. No, sir.

Q. You are not complaining?—A. No, sir.

Q. I do not see why Mr. White ought to complain if the man who purchased and paid for it is not complaining.

Mr. WHITE: Well, I may have an ulterior motive.

Hon. Mr. MACKENZIE: It is a matter of opinion.

The WITNESS: I am sorry to appear stupid or to have been careless at that time.

The CHAIRMAN: We would have a hard time convincing anyone around here that you even appear stupid.

*By Mr. White:*

Q. At any rate, you have told us all you know about it?—A. All I know sir. We accepted the explanation.

Q. Is there anything else you desire to speak about, because— —A. Are you perfectly satisfied with the discussion respecting the profits of the bond selling syndicate, because you appeared to believe that as if we had just made \$3,000,000, and that we had—

Q. I did not put it that way. I said the spread between the price that you paid and the price at which the public purchased the bonds was \$3,000,000 plus these 20,000 class A shares?—A. Yes.

Q. I think I have stated it correctly, have I not?—A. Yes, sir.

Q. Of course, we realize that that was not all profit?—A. That is just what I wanted to say.

Q. It costs money, I suppose, to sell bonds?—A. Yes.

Mr. MACKENZIE: That was really cost, not profit, to the initial distributing agent. The \$3,000,000 was not all profit?—A. Oh no, sir.

*By Mr. White:*

Q. Would you care to tell the committee what the actual profit was now that we have got to that point?

Mr. JACOBS: What interest have we in that, Mr. White?

Mr. WHITE: Mr. White has raised it.

The WITNESS: I do not want the impression to go from here that we made just \$3,000,000 some fine morning for this issue. I do not want to take up the time of the committee—

Mr. WHITE: I intend to deal with this feature later, and if certain eventualities arise it may become extremely important to know just what that profit was.

The WITNESS: If I might explain very briefly. We would expect in an issue of this type, a construction issue with commitments of this size, to have a net profit, after all of the allowances to assisting brokers, concessions in prices and expenses, and so on, of about four per cent. These issues are different from the issues of the province of Ontario and the Canadian National Railways where they are sold quickly and they have no further responsibility so far as security is concerned. An issue of this kind is quite different. If the house that sponsors it is no good, it remains the full responsibility of the market, as far as it is applied, and it is a matter of possibly three or four years to have a security of that time become well seasoned.

Now, you will recall we had an exceedingly difficult market following December, 1929. We had a standstill situation in the market, and from time to time accumulated a very large block of these securities. I would say, sir, at this stage, a running account on that particular transaction regardless of the common shares, which rests with us, that there is no profit at all on this particular transaction. These shares have dropped as low as 58. I think they are selling at 68 to-day. You have a margin of two millions in these bonds accumulated, in a drawing account in an endeavour to take care of the market, and they will stand you, say 85 or 88. You can see a very substantial loss there at once, and while I have not my records with me, I am perfectly satisfied that on balance our interest in this whole situation, exclusive of the shares, is an operating loss.

Mr. WHITE: Plus a little word of four letters, h-o-p-e?—A. Yes, sir.

*By Mr. Lennox:*

Q. What is the total bond issue of all of these companies, Light and Power Company and the—A. The Beauharnois Power Corporation, a holding company



pure and simple, has issued to the public thirty millions of collateral trust debentures which, as you know, are secured by the shares of its subsidiary, the Beauharnois Light Heat and Power. These assets are to-day uncharged with the exception, and perhaps I would just like to add a word to this—

Q. Answer my question, sir?—A. There will be fifty millions in all issued or some lesser amount to complete the installation of 500,000 horsepower.

*By the Chairman:*

Q. Thirty is to the power corporation?—A. Power corporation.

Q. Fifty is Beauharnois?—A. First mortgage bonds of the Beauharnois Light Heat and Power Company, the operating and owing company of the principal subsidiary.

Q. That fifty million dollars of the bonds of the Beauharnois Light Heat and Power Company, would that be styled major securities?—A. Yes.

Q. And the thirty million?—A. Junior.

Q. Junior or intermediate?—A. Yes.

Q. Something lesser, if I can put it that way, than the fifty millions?—A. Unquestionably, sir, by its very name, it implies that, and it is a question of having financed this in its entirety by first mortgage bonds.

Q. I just wanted to make that clear?—A. I would just like to point this out. As vice-president of the Canadian Bank of Commerce, the proceeds of the thirty million dollar debentures have been exhausted for some time. Our bank along with two other banks are now financing this company from day to day. Of the first mortgage bonds, the Beauharnois Light Heat and Power Company still to be sold—

Mr. WHITE: An issue of twenty millions, present issue of twenty millions?—A. Securities that are presently issued, nine millions—the amount actually issued to-day, issued from time to time under securities to the banks, practically nine millions advanced to-day and six millions—

Q. That is the total authorized issue of twenty millions?—A. There is actually more than that, sir.

Q. Not at present?—A. Oh, authorized, I beg your pardon. The security is what we call an open-ended security, with the privilege of issue from time to time.

*By the Chairman:*

Q. Up to—A. Up to a certain limit. The estimated amount to be issued for the first installation is 50 millions.

*By Mr. White:*

Q. Then?—A. I would like to point out—

Q. Before we leave that, my understanding yesterday, was, from reading the minutes, that there is presently authorized an issue of twenty millions, limited to twenty millions, and that as against that issue the banks are advancing these moneys from time to time, and that that is a temporary authorization to be retired when the 50 million issue or whatever that issue may be, is authorized and made and sold?—A. That is correct, sir.

Q. Yes?—A. Of the twenty millions authorized, approximately 9 millions have been issued and lodged with the bankers as security for these advances.

Q. And that is an issue of the Beauharnois Light Heat and Power Company?—A. Yes.

Q. And secured by a first mortgage on those fixed assets, speaking by and large?—A. Yes.

Q. As those fixed assets are defined in the trust deed?—A. Yes. Now, the only hope these bankers have of getting this money back, these advances, current advances, is the proceeds of the sale from time to time of those debentures, and the bankers to-day are taking the whole risk?

Q. Right there, Mr. White, when you say the proceeds of the sale of those debentures, you do not mean the proceeds of the sale of the debentures which you presently have as collateral?—A. Yes, sir.

Q. Not intended to sell them?—A. They may be replaced.

Q. Not intended to sell them, to replace them with another issue, which may be up to fifty millions?—A. You are correct. That is all the same effect.

Q. I wanted to get at the result, so there would be no confusion about it.

*By Mr. Jacobs:*

Q. Did I understand you to say that these bonds for which you paid ninety, are now selling at something between?—A. Sixty-eight is the actual market to-day, if I remember right. They have been as low as 55.

Q. Were there not bonuses of common shares with that?—A. Yes.

Q. At that price?—A. At that price. The bonds are accompanied by warrant, so that the shares are still—

Q. By warrant?—A. Yes, which enables them to buy class B shares.

Q. Under a warrant of delivery of common shares up to a certain point?—A. That is correct.

*By the Chairman:*

Q. Common shares of the Beauharnois Power corporation?—A. Yes.

Q. The bonds of the Beauharnois Light Heat and Power Company that the bankers now have as security to the construction carries with them the right?—A. No, sir. Mr. White was referring to the collateral trust bonds in the hands of the public, and traded in to-day at 68, which includes the original stock bonus.

The CHAIRMAN: I guess I am dense again. Fifty million dollars worth of bonds of the Beauharnois Light Heat and Power Company will be issued from time to time?—A. Issued and placed with the advances of bankers, yes.

Q. As security to their construction advances?—A. Right.

Mr. WHITE: I do not understand that to be the case.

The CHAIRMAN: Well, I do. Wait a moment until I get through.

Q. Then, if the market condition does not improve, am I correct in the assumption that the bankers may have to finance this project through the agency of securing the advances to the Light, Heat and Power Company up to 50 million dollars?—A. They may have, but they would not, sir.

Q. No, they would not. Hope again?—A. They are taking that risk to-day, and it has no interest whatever in the Beauharnois corporation. That is what I would like to bring to the attention of this committee. The chartered banks to-day are carrying this, due to our inability to sell these first mortgage bonds, under the cloud which naturally results in an investigation of this kind.

Q. Not entirely by reason of this, surely?—A. Perhaps not entirely, but—

Q. If the project was carried to a conclusion, and the 500,000 h.p. was developed and you sold no bonds, the result would be that the advancing houses the bankers, would have to advance \$50,000,000?—A. Exactly.

Q. And you hold \$50,000,000 of debentures of the Beauharnois Light Heat and Power Company?—A. Yes.

Q. Of course, you say it won't work out that way, because you hope that you will be able to sell those bonds, or some bonds substituted for it?—A. Yes.

*By Mr. White:*

Q. So it may be clear, it is not that issue upon which you are advancing the money, but rather the issue of twenty million dollars which is a special temporary issue?—A. Have it your own way, the result is the same.

Mr. JACOBS: It is as broad as it is long.

Mr. WHITE: Am I not correct about that?

Mr. GRIFFITH: I think Mr. White is quite correct there. There is a contemplated issue of thirty millions which will be sold to the public in the course of time. Pending the time that that issue can be sold, a temporary expedient has been adopted with the creation of a temporary issue with a capital amount of \$20,000,000.

Mr. WHITE: Yes.

The WITNESS: In effect, it is the same.

Mr. GRIFFITH: It is a temporary expedient to provide security to the chartered banks for the current works of the company.

Mr. JACOBS: You are getting a little blood transfusion.

Mr. WHITE: To take the place of the blood they are sweating.

The CHAIRMAN: That temporary expedient might be adopted up to the whole fifty millions.

The WITNESS: Yes.

The CHAIRMAN: And these temporary bonds would be retired and bonds to take their place would probably be issued.

Mr. GRIFFITH: In theory that might happen.

The CHAIRMAN: I cannot imagine bankers not being able to sell these bonds in the meantime; I hope they will be able to.

*By Mr. White:*

Q. Of course, Mr. White, I take it that is a commercial proposition, these bankers have very great faith in this enterprise?—A. They never questioned the enterprise itself, sir; but there is a limit as to how much they will lend against this type of security.

Q. I would not like to create the impression or have anything I say or do create the impression that may go out, that there may be ultimately any question about the soundness of the enterprise as a commercial proposition?—A. Yes.

Q. And you have, as I understand it—I am asking for your opinion as a banker— —A. As a banker, we are absolutely satisfied.

Q. And you are vice-president of one of our largest banks, and I understand from you that you consider the proposition commercially sound?—A. Yes, sir.

Q. And it ultimately should prove very profitable?—A. Yes, sir.

Q. To those who invest?—A. Yes.

The CHAIRMAN: Are there any questions, gentlemen? Mr. Jacobs, you usually have some questions to ask.

Mr. JACOBS: No, I am perfectly satisfied with the examination of Mr. White.

The WITNESS: I should like to ask the privilege of bringing to your attention two questions. The first is the matter of the adequacy of the Order in Council.

The CHAIRMAN: Don't you think you are starting out now to get into a lot of trouble?



The WITNESS: No, sir, I am not going to attempt to argue it for one moment. I just want to bring this to your attention, that it strikes at the very root of the title, and if sustained—

The CHAIRMAN: I think I have an appreciation of what you are going to put down on the record, and I hope you will consider it, before you do so.

The WITNESS: I really want to bring to the attention of the committee this; that it strikes to the root of the title and would preclude, if sustained, any possible completion of the finances.

Mr. LENNOX: We will have to consider that.

The WITNESS: I appreciate that. I wanted to bring to your attention its affect on the advances.

Mr. LENNOX: I think there is a great deal in what you say.

The CHAIRMAN: Mr. White, you can rest assured that this position is appreciated.

Mr. LENNOX: If it is legal, it is legal; if it is illegal, it is illegal. If the Government had no right to pass it, then we cannot—

The WITNESS: I just wanted you to perhaps appreciate the steps that we have gone through. We have the opinions of more than—

*By Hon. Mr. Mackenzie:*

Q. To whom do you refer as "we"?—A. The bankers. We have the opinion of Mr. St. Laurent.

The CHAIRMAN: Who is Mr. St. Laurent?

Mr. MONTGOMERY: President of the Canadian Bar Association.

The WITNESS: And Mr. Aime Geoffrion and Mr. W. N. Tilley.

The CHAIRMAN: These are all lawyers, I presume.

Mr. WHITE: It seems to me I have heard of them somewhere.

Mr. JACOBS: Mr. White, did you not see a statement in the press made by the Prime Minister in parliament that people who invested in good faith in the enterprise would be protected? Mr. Bennett made that statement twice in the House of Commons.

The WITNESS: I did not see that, sir.

Mr. LENNOX: I think it is the feeling of the committee, too.

The CHAIRMAN: Now, since the matter has come up, I hesitate to embark upon any discussion in connection with it, but I think I am reflecting the views of this committee. If Mr. Gardiner has any amendment to make, he will make it, but I think I am reflecting the view of this committee in saying that we are not set up for the purpose of imperilling this project. That is not the purpose of this committee at all, and I think Mr. Gardiner will agree with me in that. I trust that the investigation will not result in making or rendering it more difficult to finance the project or render insecure the position of those who have invested money in it. I think, Mr. Gardiner, I am expressing the views of the committee.

Mr. GARDINER: Mr. Chairman, insofar as the Order in Council is concerned, I am still of the opinion it is beyond the powers of the Government to pass. There is no change in my opinion, notwithstanding all that has been brought before this committee, as far as that point is concerned. Insofar as the investors in this project are concerned, whether bankers or public, I am satisfied with the fact that no matter what the outcome of this investigation may be, these investors must be protected. That is all I subscribe to at the present time.

Mr. MACKENZIE: In regard to these premature declarations of policy, I think they are entirely premature at this stage. I think it is very unfair for any member of the committee to make any public declaration in regard to P.C. 422 until we have finished the taking of evidence and deliberated in camera.

Mr. GARDINER: As far as any explanation I have made goes, I was forced to make that explanation because of the statement of the chairman.

The CHAIRMAN: This committee obviously cannot determine the legality of it.

Who is the next witness?

Mr. WHITE: I think it would be proper to recall Mr. Henry.

Mr. STARR: We are not through with Mr. Griffith, are we?

Mr. WHITE: No.

Witness retired.

R. A. C. HENRY, recalled.

*By Mr. White:*

Q. You are already sworn, Mr. Henry. When we interrupted your examination the other day, we were just about to embark on a discussion of your connection with the Sterling Investment Corporation.—A. Industrial Corporation.

Q. And we were not in a position to have you make a statement at that time in regard to it, and I should like you, in your own way, to tell us of your connection with that Company?—A. As I was explaining, I started as a hobby the investigation of the power resources of the Soulanges section in the latter part of 1923.

Mr. STEWART: Speak a little louder please?—A. In the fall of 1923.

*By Mr. White:*

Q. I thought you told us at that time you were—A. At that time my position was a director of the Bureau of Economics of the Canadian National Railways. I concluded, as a result of the investigation, as I explained, that the commercial possibilities for the power development in that section were about right, so to speak.

I, as I explained, enlisted the financial backing of Dr. McDougald and proceeded to have an investigation made by a consulting engineer named J. B. McRae, of the city of Ottawa whom I knew.

*By the Chairman:*

Q. Can you give us about the date of your first interview with McDougald when you succeeded in enlisting the financial backing?—A. Some time in the fall of 1923.

*By Mr. White:*

Q. Would you give the committee an idea of the extent of that financial backing at that time?—A. Well, I think he asked me about what I thought the out-of-pocket expense would be, that is, outside of the part that I would play in it myself, and my recollection is that I estimated that to be in the vicinity of \$10,000.

Q. May we take it then as your evidence that Dr. McDougald arranged with you to finance your enquiry and your efforts up to \$10,000?—A. I merely put that as what I thought to be the limit. I do not think there was any real limit upon what he more or less tentatively agreed to do in that regard.

Q. Well, to what extent did he help you financially at that time?—A. I made an arrangement with Mr. J. B. McRae—

Q. He is the Ottawa Hydraulic Engineer?—A. He is a well-known Ottawa engineer, and he undertook to go over the ground and examine such reports and plans as had been prepared, and started to lay a basis for an estimate of the cost of developing, I think the amount was 30,000 cubic feet a second.

Q. With how many resulting horse power?—A. I do not recall. Let me see, at an 80-foot head—

Q. It would be about 300,000?—A. It would not be quite that. About 240,000, I think. The particular reason for choosing the 30,000 cu. ft. a second was the result of some discussion which Mr. McRae had with Mr. McLachlan, and that seemed to be about the minimum amount that could be developed and make an economic development. At any rate, while McRae was making this investigation—

*By Mr. Lennox:*

Q. What was the object in getting McRae to do it, you are an engineer?—A. I am an engineer, that is perfectly correct. But I was in the employ of the Canadian National Railways and did not have the time myself to prepare the necessary plans and estimates in sufficient detail to appear before government departments, and so on.

Q. If you had had the time, I suppose, you would have done it yourself?—A. If I had had the time I would have, yes. But it was a matter which required a considerable amount of drafting, and so on. Mr. McRae proceeded to make this investigation, as I have said, and my recollection is that the amount of money which I agreed to pay him on account of that was around \$3,000. A corresponding arrangement was made a little later through the firm of McGiverin, Haydon & Ebbs—

Q. Whose money was that?—A. That was Dr. McDougald's money.

*By Mr. White:*

Q. So that at that time not only was the gentleman who afterwards became Senator McDougald interested in the matter but the firm of McGiverin, Haydon & Ebbs were apparently active?—A. Well, the situation which brought that about was this: When I got to the point where I considered this project to be sound I knew that some sort of corporate structure had to be devised through which to make an application in due course to the Department of Public Works, with a view to making an arrangement about the developing of power. I knew also that the customary procedure up to that time was to make that application, by first applying to the province of Quebec and getting an emphyteutic lease and then going to the Department of Public Works, Ottawa, under the Navigable Waters Protection Act. But it struck me that the report which the International Joint Commission had made in 1921 indicated that perhaps the government had a different idea in mind regarding the water powers upon the St. Lawrence River, and that the intention might be to have this developed in connection with navigation as a Federal project. So having got this report and so on—

Q. You mean the McRae Report?—A. The McRae Report, I had an application made. Well, first of all, I had the Sterling Industrial Corporation organized. I had that done through the firm of McGiverin, Haydon & Ebbs.

Q. That application was made?—A. That application was made.

Q. On the 5th of July?—A. On the 5th of July.

Q. And the application to the Department of Railways and Canals was made on the same date?—A. About the same date.

Q. On exactly the same date?—A. Yes. Well, I have forgotten the details about that.



*By Mr. Lennox:*

Q. Were they your solicitors or McDougald's?—A. Well, I had met Senator Haydon. I do not know whether he was Senator then or not, but I had met him in connection with some claims in the Department of Railways and Canals two or three years previously, and his name was the name that occurred to me at the time.

Q. Did you go to them at the request of McDougald who was financing you?—A. I think perhaps I did discuss it with McDougald. I imagine that I did. I do not remember the precise circumstances at the moment.

Q. Do you know if they are Senator McDougald's solicitors?—A. I am afraid I cannot answer that, Mr. Lennox.

*By Mr. White:*

Q. Perhaps you can tell us who paid for the incorporation of the company?—A. I imagine that Senator McDougald paid for that.

Q. You did not?—A. I did not. Personally I spent no money on the Sterling Industrial Corporation except such out-of-pocket expenses as resulted from my own enquiries.

Q. As resulted from your own enquiries?—A. Yes.

Q. And no moneys that were spent by you?—A. Any moneys that were spent were spent by Senator McDougald to the best of my knowledge.

Q. And the application that was made to Parliament, or at least to the Department of Railways and Canals was, I understand, accompanied by this plan?—A. I believe so.

Q. And that plan is made by J. B. McRae, and Mr. McRae was paid in the way you indicate for making the plan?—A. Yes, sir.

*By Mr. Jacobs:*

Q. Was Senator McDougald a member of the Senate at that time?—A. I do not know, I cannot recall.

Q. I understand he was named in 1926?—A. I do not know.

Q. At that time he was a common man like we all are here?—A. I really do not remember when he became Senator.

*By Mr. White:*

Q. This plan is a part of Exhibit 61. Did you personally consult with McGiverin, Haydon & Ebbs first in regard to the particulars of the charter which was desired to obtain incorporating the company, the Letters Patent?—A. I sat down personally down with—I do not know whether he was Senator Haydon then or not—Andrew Haydon, the second name of that firm, and went over the phraseology of the Letters Patent with him.

Q. I see. And the same thing in regard to the application to the Department of Railways and Canals?—A. Yes, I certainly went over that with him myself.

Q. And the subsequent application of the 7th of July to the Department of Public Works?—A. Yes, both applications.

Q. Did you personally pay for the services of Mr. Haydon or his firm in connection with either of these applications?—A. No, sir, I did not.

Q. Then the charter was granted. The applicants are Mr. Haydon, Mr. Ebbs who was, I understand, Mr. Haydon's partner, Miss Mary Hilda Kelly, Miss Belle Fraser and Miss Lyla Brennan, as appears by Exhibit No. 63, a copy of the Letters Patent, and who then became the shareholders?—A. Yes.

Q. Were any shares in this company ever transferred to your name?—A. No, no shares were ever transferred. I might explain in that connection, that the purpose in making this incorporation was solely to have a corporate

structure rather than a person through whom to make the application. That was all.

Q. That may be, but you might have been in a bit of a fix if your application had been granted?—A. Well, yes. There is another explanation for that. Before the application was actually put in, and while the engineering investigation was being made, a circumstance occurred which led me to believe that it would be useless to press an application of that kind, and that was the fact that the government of Canada and the United States adopted one of the suggestions made by the International Joint Commission and appointed an enlarged engineering board to enquire into the engineering estimates made by the previous Board.

Q. Resulting in the report of 1925?—A. Resulting in the report of 1926, and I knew there wasn't any sense in proceeding with the organization of a company of that kind while that investigation was under way, so it was merely allowed to lie.

Q. And the shares continued to be held in the names of the incorporators?—A. Yes, I believe so.

Q. On whose behalf were they held?—A. I believe that later on three permanent directors were nominated merely to keep it alive. J. P. Ebbs was the President.

Q. Yes?—A. Now, there was not any definite understanding between myself and Dr. McDougald as to just how each of us would finally participate in any results of a development of this kind.

Q. Was there an understanding that you would participate at all?—A. That I would.

Q. That he and you would.

Hon. Mr. MACKENZIE: That was the hope.

The WITNESS: There was certainly the hope.

Mr. JACOBS: There was a gentleman's agreement, at any rate.

*By Mr. White:*

Q. Mr. Jacobs suggests that there was a gentleman's agreement at any rate; what do you say as to that?—A. Well, I may say that that was discussed but we preferred to leave any definite arrangements to subsequent developments.

Q. May I take it then that the beneficial ownership in these shares was in you and Dr. McDougald?—A. Unquestionable, absolutely. There is no question about that.

Q. But that the proportion in which you were to participate had not been determined?—A. That is correct.

Q. Have they ever been determined?—A. They have.

Q. With what result to you?—A. With the result to me that I participate to the extent of 50 per cent.

*By the Chairman:*

Q. When was that determined, Mr. Henry?—A. That was definitely determined on the eve of my going into the hospital for an operation for appendicitis in August, 1921.

Q. You agreed to divide the interest?—A. Well, at that time the capital stock of the Sterling Industrial Corporation had been transferred to the Beauharnois Power, or the Beauharnois Syndicate I guess it was.

*By Mr. White:*

Q. What agreement had been made?—A. And the agreement was merely made then because of the fact that I was going into the hospital and I might not have come out alive. That was the purpose of it.

Q. You had then, as a matter of fact, made the arrangement with the Beauharnois Syndicate?—A. Yes, an agreement had been made in the Fall of 1928, for the sale of the stock to the Beauharnois Syndicate.

Q. The Fall of 1928?—A. Yes.

Q. That would be in October?—A. If my memory serves me right, it was just before Christmas, 1928.

*By Mr. Lennox:*

Q. 50 per cent meant what to you?—A. Well, that would have meant the equivalent of a 1,000 part-interests.

Q. And McDougald got the other?—A. Yes.

*By Mr. Gardiner:*

Q. Was that the way it was finally carried out, on that basis?—A. The transaction has not been entirely completed. For example, the resulting stock is still in Senator McDougald's name, but he has agreed to transfer it to me.

Q. But that is going to be the final settlement.—A. Oh, yes.

*By Mr. White:*

Q. And you say that an agreement was made, that is, the agreement between the Sterling Power Corporation and the Beauharnois Syndicate, in the Fall of 1928?—A. Yes. If you would like me to explain the circumstances leading up to that—

Q. I would like you to explain them, yes?—A. You left me the other day at the time I had started discussions with Mr. Sweezey.

Q. Yes?—A. In the summer sometime, I would say in the middle of the summer of 1928—and the question then was whether I would endeavour, on my own account, to carry out the original project I had in mind, remembering in the meantime, notwithstanding the fact that that section of the river was under investigation. I knew that ultimately some plan would emerge and I proceeded to study it physically and from the standpoint of those rights which then existed, and also from the standpoint of making a large number of estimates on my own account, reading and analyzing the reports which had been made by all the engineers whose reports I could obtain.

*By the Chairman:*

Q. When did you start doing this, what year were you doing this?—A. Oh, well, I continued to do that even although I knew that there was not any prospect of any immediate development. I continued right after McRae's report, I never let up at all.

Q. You visited the ground?—A. Yes, I visited the ground. I walked over every foot of the ground up and down the river.

Q. And spent a lot of time and thought on it?—A. Oh, absolutely.

Q. Commencing right after the McRae report to you?—A. Yes.

Q. And right down to the time when you joined the Beauharnois Company.—A. At the time I met Mr. Sweezey I was confident that I knew more about that than he did, more about that section of the river.

*By Mr. White:*

Q. Was your meeting with him in consequence of an application that had been made?—A. It was in consequence of some discussion I had had with Mr. Robert in which he made a suggestion that perhaps I might see Mr. Sweezey, and because of the fact that I had heard a good deal about the activities of the Syndicate which Mr. Sweezey had then organized some time previously.



Q. I did not quite catch when that was?—A. That was in the middle of 1928, some time.

Q. Your first interview with Sweezey?—A. Yes.

*By Mr. Gardiner:*

Q. And during all this time while you were making the investigation were you financed by Senator McDougald?—A. No. There were no expenses involved in it except incidental expenses that I paid out of my own pocket. I did all the work myself. I did interview some Boston banking houses with a view to seeing whether they would be interested in a project of this kind or not, and through some freinds of mine in New York I got in touch with Dillon Reid, and went over in a general way the characteristics and possibilities of that section.

*By Mr. White:*

Q. Then you met Mr. Sweezey in the summer of 1928?—A. I met Mr. Sweezey, yes.

*By Mr. Lennox:*

Q. During this time were you in the employ of the Canadian National Railways or in the employ of the Government?—A. I was during that time director of the Bureau of Economics, Canadian National Railways. And I might say, lest there be any doubt on this point, that before I even considered going into a project of that kind I went to Major Bell who was then Deputy Minister, and asked him if he thought there would be any impropriety in my engaging personally in the exploitation of a development of that kind because, although I had left the Department of Railways and Canals, they still considered me as belonging to the department so far as the affairs of the Canadian National Railways were concerned. I probably knew more about it than anybody else, and Major Bell used to consult me a good deal upon the affairs of the railway. But his answer to me was that it would be, in his opinion, no impropriety.

After my first meeting with Mr. Sweezey I considered the situation, studied what he told me about the prospects and so on, and met him two or three times and became somewhat interested in his ideas and his imagination, and finally—I would guess this to be around the 1st of December—Senator McDougald—

*By Mr. Lennox:*

Q. What year?—A. 1928. And Senator McDougald asked me whether I would consider merging my interests with the Sweezey group. Well, I took that matter into consideration and shortly thereafter told him that I thought I would. He then asked me what I thought the value of the Sterling Industrial Corporation was. Well, as more or less of a gamble, but based upon the consideration that I thought I knew as much about the possibilities of that section as anybody else in Canada—and certainly I thought I knew as much about it as Mr. Sweezey—I made the suggestion that 2,000 part-interests would be a fair remuneration for myself and Dr. McDougald for the Sterling—

Q. That what would be?—A. 2,000 part-interests. Subsequently to that Dr. McDougald and Mr. Sweezey did make an arrangement along those lines.

Q. Well?—A. Well it was subsequent to this. I imagine it was in December some time.

Q. December, 1928?—A. Yes.

*By Mr. White:*

Q. I find out by reference to the Parliamentary Guide that Senator McDougald was appointed to the Senate on the 15th of June, 1926.

Mr. STARR: No, that is not right Mr. White. That Commission expired, you will find out, in the House of Commons Manual, and it was renewed and he was appointed in 1926, October.

Mr. WHITE: And that Mr. Andrew Haydon was appointed on the 11th of March, 1924.

Mr. LENNOX: Senator McDougald, what date?

Mr. WHITE: Mr. Starr says that he was first appointed on the 25th of June, 1926, but for some reason that commission expired and he was reappointed.

Mr. STARR: A new commission was issued for October, 1926.

Mr. WHITE: Do you know the exact date?

Mr. STARR: No, it is not given.

Mr. WHITE: Do you know the reason.

Mr. STARR: I am not in the box, but I do not know the reason.

Mr. JACOBS: It was held up due to the election.

Mr. WHITE: Called to the Senate June 25th, 1926, but commission having failed to issue was again called in October, 1926.

The CHAIRMAN: Was not that the same day that the Government resigned?

Mr. JACOBS: It is a funny coincidence isn't it, but it was. It was ratified by the Liberals.

Mr. WHITE: That is obviously the reason. It was a question of political exigency perhaps.

*By Mr. White:*

Q. Was there a written agreement between the Sterling Corporation and the Syndicate?—A. I believe there was. I do not know the terms of it but I believe there was.

Q. Do you know where it is?—A. A written agreement, no, I do not.

Q. Do you know as a fact whether Senator McDougald signed a written agreement?—A. Oh, I do not think Senator McDougald signed an agreement. The agreement, I believe, was made between the President of the company who was J. P. Ebbs.

*By Mr. Lennox:*

Q. What was the object of issuing the shares to Ebbs rather than direct to McDougald?—A. Well, as I think I explained before, Col. Lennox, this was merely a corporate organization against the time when it might be deemed proper to start out with a real, honest, corporate structure.

The CHAIRMAN: Do not put it that way, Mr. Henry, that is very damaging.

The WITNESS: A real, corporate structure to carry the work out. In the meantime, the company having been organized in McGiverin, Haydon & Ebbs' Office, we just left them there as directors, as they were in the first place.

*By Mr. Lennox:*

Q. But why were not the shares issued direct to McDougald?—A. The shares of which?

Q. The part-interests?—A. I believe the part-interests,—I am not sure about that.

Q. They were issued to Ebbs?—A. I am not altogether sure.

Q. Was there any reason for that?—A. Ebbs, of course, was the President of the company, and I presume that as the President of the company he was entitled to receive the part-interests.

*By Mr. White:*

Q. It was the company that was entitled to receive that?—A. I mean the company. He received them on behalf of the company, I am reasonably sure.

Q. One would have thought, ordinarily, that they would have been issued in the name of the company?—A. I do not know just how that transaction took place, Mr. White.

Q. Did you, so far as you are concerned, nominate Mr. Ebbs to receive your shares?—A. Oh, yes. He was my nominee throughout. I think I instructed Mr. Ebbs to take his instructions at that time from Senator McDougald, because Senator McDougald was then interested in the Syndicate.

*By the Chairman:*

Q. Mr. Henry, from the beginning of your relations with Senator McDougald down to the present time, have you ever had a written agreement signed by the two of you?—A. The only written agreement that was ever signed by the two of us was the one to which I referred, and which was signed just before I went into the hospital in August 1929.

Q. Where you would divide equally?—A. That is right.

Mr. WHITE: I do not know whether this has been filed or not. I have been furnished with a copy of the agreement between the Beauharnois Power Syndicate and John P. Ebbs and Lyla Brennan. It has been furnished by the kindness of my friends, I think Mr. Griffith.

Mr. JACOBS: I am willing that it should be filed, Mr. White, so long as it does not contain any reference to the St. Louis feeder.

Mr. WHITE: I wonder if I could have a separate copy of this? This copy is bound up in my brief.

This will be Exhibit No. 75.

This Memorandum of Agreement made in triplicate at the city of Montreal in the Province of Quebec, this eighteenth day of December, One thousand nine hundred and twenty-eight:

By and Between:

The Beauharnois Power Syndicate an unincorporated Syndicate organized and existing under and in virtue of an agreement made at the city of Montreal on the fourth day of April, 1928, by and between F. Stuart Molson and others of the first part and Marquette Investment Corporation of the second part, hereinafter called the "Syndicate"

Of the First Part

And:

John P. Ebbs, of the city of Ottawa, in the Province of Ontario, Barrister, hereinafter called "the said Ebbs"

Of the Second Part;

And:

Lyla Brennan, hereinafter called "the Trustee"

Of the Third Part;

Witnesseth as follows:

1. The Syndicate and the said Ebbs in consideration of good and valuable consideration each to the other paid the receipt and sufficiency whereof are hereby acknowledged, hereby covenant and agree together that provided the application of Beauharnois Light, Heat & Power Company to the Dominion Government for approval of its plans and site be granted on or before the thirty-first day of January, 1929, the said Ebbs will transfer and make over, or cause to be transferred and made over to the Syndicate and/or its nominees all of the issued Capital



Stock of Sterling Industrial Corporation Limited, and the Syndicate will allot and issue to the said Ebbs and/or his nominees two thousand (2,000) fully paid and non-assessable Part-Interests of the Syndicate in consideration for and against delivery and transfer of the said shares of Sterling Industrial Corporation Limited.

2. The certificates for the said shares of Sterling Industrial Corporation Limited effectively endorsed for transfer in blank, have been delivered to the Trustee to be held and disposed of by the Trustee in accordance with the provisions of this agreement.

3. A copy of this agreement together with a certified copy of the resolution of the Syndicate another copy whereof is hereto annexed had been delivered to Marquette Investment Corporation, the Depositary and Transfer Agent of the Syndicate, in order that the said Part-Interests and certificates therefor may be issued to the said Ebbs and/or his nominees by the said Marquette Investment Corporation if and when the same Ebbs and/or his nominees become entitled under the provisions of this agreement to the issue of such Part-Interests.

4. If the said application of Beauharnois Light, Heat & Power Company for approval of its plans and site be not granted by the Dominion Government on or before the thirty-first day of January, 1929, then the Trustee shall return to the said Ebbs and/or his nominees the share certificates of Sterling Industrial Corporation Limited and the said Marquette Investment Corporation shall no longer be entitled to issue the said two thousand (2,000) Part-Interests, or any part thereof, or certificates for the same, in virtue of this agreement and of the said resolution.

5. The said Ebbs hereby covenants and declares that Sterling Industrial Corporation Limited has no outstanding liabilities other than its liabilities to the holders of its outstanding shares and that the said outstanding shares are all fully paid and non-assessable, and that the shares the certificates for which have been deposited with the Trustee are all the outstanding shares of Sterling Industrial Corporation Limited.

*By Mr. White:*

Q. Then having made the deal as you say, the deal being made between Mr. Swezey and Senator McDougald, you became interested at least on the 18th of December in the Beauharnois project?—A. I considered myself as interested at that time.

Q. Yes, to the extent of what subsequently turned out to be a 50 per cent interest in 2,000 units?—A. Right.

Q. And obviously, of course, Senator McDougald became similarly interested?—A. He did.

*By the Chairman:*

Q. Mr. Henry, did you consider that by reason of your having made your application in 1924 that you and your associate, Mr. McDougald, through the agency of the Sterling Industrial Corporation, had just as much right to that concession as Swezey and his associates?—A. Well, I would not put it quite that way. Speaking for myself now, I believed that I was able to carry through a project for the developing of power in that section just as well as Mr. Swezey was.

Q. That is, by reason of your peculiar knowledge from an engineering standpoint of the difficulties that had to be surmounted?—A. Right.

*By Mr. White:*

Q. And did Senator McDougald agree with you in that view?—A. Well, I do not know as to that.

Q. Did you not discuss it with him?—A. Well, I do not know that I discussed that particularly.

Q. Were not you able to convince him that you were the kind of person that you have just now described?—A. Well, I don't know as to that.

Q. He expressed himself satisfied anyway to go in with you?—A. Oh, yes. As a matter of fact, he left the whole thing in my hand.

*By the Chairman:*

Q. Let me put it this way, Mr. Henry. When you filed your application did you feel that you had any right over anybody else to be favourably considered by either the province of Quebec or the Dominion Government?—A. Well, as I explained, Mr. Gordon, I did not think that I had any right so far as the province of Quebec was concerned, because I had proceeded upon the hypothesis that the Federal Government probably had in mind developing this power itself, and therefore if the Provincial rights question was to be dealt with it would be dealt with by the Federal Government: So I made the application to the Federal Government, and even so far back as 1928 I was not sure in my mind whether the Federal Government or the Provincial Government had the right.

Q. Am I right in this, Mr. Henry, that you having the knowledge you did have of the possibilities in this section, took the steps that you described of placing an application on record with the Dominion Government and at the time knowing that others were interested in the project as well?—A. Oh, yes.

Q. And you did not propose to let anybody else go on and develop that without taking care of Henry and McDougald?—A. Well, that is probably one way of putting it, Mr. Chairman.

*By Mr. White:*

Q. Then having that interest in the project, you became Deputy Minister of Railways and Canals on the 14th of February, 1929?—A. The 14th February, 1929. I might explain, in that connection, that Major Bell died on January 13th. I went to his funeral with Sir Henry Thornton, and after the funeral Sir Henry Thornton told me that now that Major Bell had died Mr. Dunning, the Minister of Railways, was anxious that I should assume the Deputy Ministership. I told Sir Henry then in no uncertain terms that I could not consider it under any circumstances.

Q. Did you tell him why?—A. I did not tell him why. Three or four days after that I met Mr. Dunning in Ottawa, in the ordinary way, and at that time he opened the subject with me. I told him that I could not accept that position.

Q. Did you tell him why?—A. I told him why.

Q. The reason being that you were interested in this project?—A. Two reasons, first of all that I did not believe that I wanted to go back into the government service, and second, that I felt it would be improper for one interested in a project such as the Beauharnois to do so.

Q. I see?—A. Mr. Dunning asked me not to close the door, and a day or two after I went west for Sir Henry. When I came back Sir Henry called me in and he told me that Mr. Dunning was insisting upon my taking the position because it was approaching the session, and he knew of nobody else in Canada who had the knowledge of the railway situation—and particularly the Canadian National Railways—that I had. There was a heavy railway program going through, and he thought I ought to consider accepting it at least for the session. I saw Mr. Dunning subsequent to that, and I again put the question up to him of the propriety of one being interested in this Beauharnois project accepting a position of that kind. His answer was that it is true there is an application before the Department of Public Works, but he did not think there would be

any chance of any reference being made to the Department of Railways and Canals, and if there should be he would recognize the fact that I was interested in it, and would not call upon me, or suggest that I give him any advice on it. Well, I still demurred because I did not want to sever my connection with the Canadian National Railways, to say the very least. The session then came on. The matter was still in abeyance and finally at the urgent request of Mr. Dunning on the one hand and Sir Henry on the other I agreed to act in the combined capacity of Director of the Bureau of Economics, Canadian National Railways, and Deputy Minister.

I will say there was a third reason why I did not want to accept it, and it was this: That when I was West I had an acute attack of appendicitis. Coming back, I had an examination after which the Doctor advised me to go into the hospital. That was on my mind and I did not want to undertake the strenuous duties, apart from any other consideration, with that hanging over me. However, the doctors told me that if I did not get away out of reach of a hospital that I would probably be all right. That operation took place in August of the same year. But I did finally agree to accept the Deputy Ministership under the conditions named, for the session.

*By Mr. Jacobs:*

Q. And you also had your office with the Canadian National Railways at the same time?—A. I did.

Q. You did not relinquish it?—A. No.

Q. And you had salary from both departments?—A. There was an adjustment of salary on the Canadian National, because I only spent a couple of days a week on that job.

*By Mr. White:*

Q. Of course, the fact remains that at the time you were Deputy Minister of Railways this matter was pending?—A. Was pending before the government, yes, sir.

Q. And you had the interest which you have now disclosed to us?—A. I had the interest which I have now disclosed.

*By Mr. Stewart:*

Q. Did you understand, Mr. Henry, that you were appointed to that position by Mr. Dunning?—A. Well, I understood that I was appointed to that position on the report of Mr. Dunning. He was the Minister.

Q. But who makes the appointment?—A. I believe it is the Prime Minister.

Mr. JACOBS: Appointed by the Governor in Council, of course, on the recommendation of the Minister of Railways.

Mr. STEWART: Oh, no. The Prime Minister.

The WITNESS: I had no discussion with the then Prime Minister on the subject of my appointment as Deputy Minister.

Sir EUGENE Fiset: The ordinary course was followed in your appointment, the same as with the appointment of every Deputy Minister. On the recommendation of your Minister to the Privy Council, and of course, the order in council was signed by the Prime Minister to be approved by the Governor in Council like every other order in council.

Mr. JACOBS: Every Order in Council is signed by the Prime Minister.

Mr. WHITE: But, General Stewart makes the distinction that in the case of an appointment such as this the recommendation to council is made not by the Minister of the Department but by the Prime Minister.

Mr. STEWART: Mr. Bennett made that statement in the House this session.



Mr. WHITE: If there is any question about it we can ask for the Order in Council appointing Mr. Henry.

Sir EUGENE Fiset: I think it is a matter of routine. The report to the Privy Council under which an Order in Council is passed and signed is made by the Minister to the Privy Council, then the Order in Council is prepared and signed by the Prime Minister to be approved by the Governor General. That is the ordinary procedure.

Mr. WHITE: We can very easily settle it, Mr. Chairman, if the committee would direct the clerk to ask for a certified copy of the Order in Council.

The CHAIRMAN: Not the Order in Council, the recommendation to council.

Mr. WHITE: Well then, the Order in Council and the recommendation to council upon which the Order in Council was based. That is the wish of the committee, is it.

The CHAIRMAN: Yes.

Mr. WHITE: Then we interrupted you there, Mr. Henry.

Mr. MONTGOMERY: At that point I would suggest as some question had apparently been raised to this appointment, that in fairness to Mr. Henry, Sir Henry Thornton and Mr. Dunning be summoned by the committee.

The CHAIRMAN: In fairness to Mr. Henry?

Mr. MONTGOMERY: Yes.

The CHAIRMAN: I think Mr. Henry has been very, very candid.

Mr. JACOBS: Mr. Henry has been a very frank witness, and I do not think any person here questions what he says.

Mr. WHITE: I may say that I concur in the remark made by Mr. Jacobs, as far as I have anything to say about it.

The CHAIRMAN: I think Mr. Henry has been refreshingly frank.

Mr. LENNOX: If Mr. Henry would like to have them called the committee would be very glad to call them.

Mr. JACOBS: Speaking for myself, I am satisfied with Mr. Henry's evidence.

Mr. LENNOX: I think we all are.

The CHAIRMAN: I believe Mr. Henry is giving us his recollection of the events as they happened, but I would not like to subscribe to what Mr. Jacobs has suggested, that we are altogether satisfied with it.

Mr. JACOBS: Satisfied with his evidence.

The CHAIRMAN: Perhaps there is a refinement there.

*By Mr. White:*

Q. Then you were Deputy Minister at the time—on the 8th March, 1929—  
—A. I was.

Q. When Order in Council P.C. 422 was signed?—A. Yes.

Q. Did you realize that an application would be necessary to your department or the department of which you had become Deputy Minister for permission to breach the Hungry Bay Dyke?—A. I do not think I thought very much about it. I did not take any part or interest in that from the Department of Railways point of view.

Q. It must have been very difficult for you to keep your hands off it.

*By Hon. Mr. Mackenzie:*

Q. You must have known it was necessary to cut through the dyke?—A. I think perhaps that is a fair question.

Q. You must have known it?—A. I think I did.

Q. You must have known an application must have been made to the Department of Railways and Canals?—A. Yes.

Q. Was that ever referred to during the Spring of 1929?—A. I think there was one letter came in while I was Deputy Minister in reference to Hungry Bay Dyke. But I also knew, Mr. Chairman, that before that could be considered it was necessary for the company to settle its road situation with the municipalities.

Mr. MONTGOMERY: For the sake of correction, might I draw Mr. White's attention to the fact that the application was to buy a section of the dyke, not to breach it. This is in a section of a provision of the Navigable Waters Act, that if any public property is involved you must make an application for the acquiring of it.

Hon. Mr. MACKENZIE: Have you got the application.

Mr. MONTGOMERY: It is in the printed regulations.

*By Hon. Mr. Mackenzie:*

Q. When was the application made to the Department of Railways and Canals in regard to the Hungry Bay Dyke?—A. I do not recall.

Q. It was subsequent to the Order in Council, was it not?—A. Oh, I am not sure.

Hon. Mr. MACKENZIE: That is my recollection.

Mr. WHITE: It is in one of the departmental files.

Mr. MORIN: Exhibit 35.

The CHAIRMAN: My recollection may be at fault, but if I remember correctly you said that at the time you were appointed Deputy Minister of Railways and Canals, Mr. Dunning knew of your interest with Senator McDougald in this project?—A. Oh, absolutely. I could not under any other conditions have accepted that position.

*By Mr. Jacobs:*

Q. And also Sir Henry?—A. Oh, yes.

*By Mr. Lennox:*

Q. You told them?—A. I told both of them, absolutely. I could not do anything else.

Q. You have already told us that in your evidence before?—A. Oh, yes.

Mr. MONTGOMERY: In regard to those dates, Mr. White, I have the blue-prints of these applications. The original application was made on July 24, 1928.

Hon. Mr. MACKENZIE: That is in regard to the Hungry Bay Dyke.

Mr. MONTGOMERY: In regard to the Hungry Bay Dyke, yes. The amended application, with amended plan, bears date July 29, 1929. The first is July 24, 1928. The amended one is July 29, 1929. I do not know which of those was put in as Exhibit 35.

*By Mr. Jacobs:*

Q. Mr. Henry, when did you resign from the Department of Railways and Canals?—A. I did not resign until March 30, but that was because of a series of circumstances.

The CHAIRMAN: We will adjourn until half-past two.

The committee adjourned at 1 p.m. to resume at 2.30 p.m.

## AFTERNOON SITTING

On Resuming at 2.30 P.M.

R. A. C. HENRY, examination resumed.

Mr. MONTGOMERY: Before proceeding with the examination of Mr. Henry, let us clear up the two applications re Hungry Bay Dyke. Exhibit 35 was only one of the two, and I do not know which one that was.

The CHAIRMAN: I have it in my notes as "application to Department of Railways & Canals No. 16299, dated July 29th, 1929, application for Dyke." The plan is dated June 17th, 1929. If it is not in we can put it in as Exhibit 35A.

Mr. MONTGOMERY: That was an amended application.

Mr. LENNOX: What is the date of the other?

Mr. MONTGOMERY: July 25th, 1928.

Mr. WHITE: I have it all here in the file, Mr. Chairman.

Mr. MONTGOMERY: Did you file 35 separately, or was 35 the entire file?

Mr. WHITE: The entire file. The first application was forwarded in a letter to the Minister of Railways and Canals under date July 25th, 1928, from Col. A. T. Thompson, which is page 12 of Exhibit 35, being file 10378:

Herewith I hand you a letter dated July 24th, 1928, written by the above company, addressed to you, applying for the grant to it by the Crown of that part of the dyke known as "Hungry Bay Dyke" running along the shore of Lake St. Francis in the Country of Beauharnois, and of the lands and foreshore adjacent to such part belonging to the Crown.

I also hand you, each in quintuplicate, the description set out in Schedules "A" and "B" and the two plans, all of which are referred to in said letter and are bound together in one document.

Then there is a note on the bottom of the letter in someone's handwriting. Perhaps Mr. Henry could tell us whose it is.

Q. Will you look at this letter which I am referring to, Mr. Henry, and tell me if you can make out what is on the bottom of it there and whose handwriting it is?—A. It is "To Secretary for acknowledgment only and return to Chief Engineer, A. E. Dubuc, Chief Engineer".

Q. In other words, on receipt of that application, the Chief Engineer, Col. Dubuc, handed it over to the Secretary with a note that he was simply to acknowledge receipt?—A. That is it.

Mr. WHITE: The application is attached, and you will remember there was a long description there and we went into that with Mr. McLachlan, with plan attached, and it applies for a grant, as Mr. Montgomery stated.

The CHAIRMAN: A grant of the Hungry Bay Dyke for a distance of something over 8,000 feet.

The WITNESS: I am not sure about that.

Mr. MONTGOMERY: It was about 7,000 feet.

The CHAIRMAN: Covering at least the foreshore that the company owned.

Mr. MONTGOMERY: I assume so. The plans described it as about 7,000 feet. That was July 24th, 1928.

Mr. WHITE: Yes. It was forwarded with a covering letter by the solicitors. The second application appears on page 3 of Exhibit No. 35, file No. 16299, and is the file following the last one, that is, part of the file and the application is



dated July 29, 1929, addressed to the Secretary of the Department of Railways and Canals, and is an application which reads:

Application by Beauharnois Light Heat & Power Co., for the purchase of a part of Hungry Bay Dyke, now owned by the Department of Railways and Canals, Canada.

Sir:

The Beauharnois Light, Heat & Power Company desires to make application for a certain part of the dyke.

And the description follows, and you will recall it was some 9,600 feet I think.

Q. There is a notation by the Secretary on the bottom of that, Mr. Henry?

—A. That is a notation by the Secretary, J. W. Pugsley, apparently to members of the corresponding staff to acknowledge and then to refer to the Chief Engineer.

Mr. WHITE: And there appears immediately in front of that application a copy of a letter to the Secretary of the Beauharnois Light Heat & Power Co., signed by J. W. Pugsley, Secretary, Department of Railways & Canals, acknowledging receipt of the application of the 29th of July.

On August 1st the Chief Engineer writes to Mr. Pariseau, Superintending Engineer, Montreal, enclosing the application and asking for a report and recommendation. On September 5th the Chief Engineer writes to Mr. Pariseau asking for a reply to his letter of August 1st, and Mr. Pariseau puts in his recommendation of September 12th to Colonel Dubuc. And you will recall that that was an inter-departmental communication and there was some question as to whether it should be read. We did read part of it.

Then on September 14th, you will recall, there was a letter from Mr. Maxime Raymond to Mr. Dunning in reference to the roads, and further correspondence between Mr. Raymond and Mr. Dunning.

Then on October 3rd, 1929, there is a memorandum signed by the Acting Deputy Minister, a communication dated Ottawa, October 3, 1929.

Q. I assume that is when you were having your little battle with the doctors?—A. That Acting Deputy Minister, I presume, must have meant —

Q. "J. W. P."—A. J. W. P. is the Secretary. The only person I can take it to have reference to must be Mr. Yates.

Q. It was not you anyway, that is the point. He signs that?—A. That looks like Mr. Robb's signature.

Q. It is a memorandum to the Department of Railways and Canals, dated October 3, 1929:

In the absence of Mr. Dunning this is to instruct you to advise me before any decisions are made in connection with the roadway maintained by the Department of Railways and Canals along Lake St. Francis and particularly that portion adjacent to the new Beauharnois Canal.

And I see on October 1st, Mr. Yates, as Acting Deputy Minister, acknowledges receipt, and I see here in a memorandum of October 4th, on page 13 of this file, that the total length wanted is 9064.6 lineal feet.

Mr. MONTGOMERY: That is given in the application itself and description. You were bothering about those measurements the other day and they were right in the description. The total length on the east side is 9064.6 and 9073.7 on the west side.

The CHAIRMAN: What is the significance of this evidence.

Mr. WHITE: I am just looking through it, sir, to see whether there is anything here on the file to show any action taken by Mr. Henry in connection with this application.

The CHAIRMAN: As the result of the application that has been made.

Mr. WHITE: Yes, there either is or there is not and in fairness to him we ought to complete the examination of the file. There is a letter dated

November 25th, 1930, signed by a Mr. Henry after he had left the Department, signed by him as Vice-President and General Manager of the Beauharnois Power Corporation.

The CHAIRMAN: In reference to the urgency of having the application dealt with, I presume.

Mr. WHITE: I am afraid to speak about this on account of what Mr. Jacobs said this morning about the St. Louis feeder. This letter is dated November 25th, 1930, addressed to Pierre Piché, Acting Superintending Engineer, Montreal:

In reference to your letter of November 13th may say that the Company some considerable time ago made an application to the Department of Public Works for a revision of its lease taken out on December 28th, 1909, with a view to covering the situation arising out of the diversion of the St. Louis Feeder and the Company is advised that the Department of Public Works will consult with the Department of Railways and Canals with a view to obtaining the necessary approval of such diversion.

There appears nothing, however, in the file, no action to have been taken so far as the file discloses by Mr. Henry in his capacity as Deputy Minister of Railways and Canals.

Then this is the certified copy of the Order in Council appointing Mr. Henry, which has been supplied to the Clerk, under the signature of Mr. Lemaire, Clerk of the Privy Council. It is dated the 4th of February, 1929:

The committee of the Privy Council, on the recommendation of the Right Honourable the Prime Minister, advise that, pursuant to subsection 1 of section 4 of the Department of Railways and Canals Act, Chapter 171 of the Revised Statutes of Canada, 1927, Mr. Robert Alexander Cecil Henry, B.A., B.Sc., be appointed Deputy Minister of Railways and Canals in the place of the late Major Graham A. Bell, C.M.G., who died on the 13th January, 1929. (*Exhibit No. 76.*)

*By Mr. White:*

Q. Then, Mr. Henry, you have told us. I think, that you joined the Beauharnois Company in—A. About the 10th of March, 1930. I think.

Q. And under a ten year contract?—A. Yes, sir.

Q. And with the right to subscribe for 8,000 odd shares?—A. 8,995.

Q. At \$1 each, which you did subscribe for?—A. Yes, sir.

Q. With whom did you have the discussion as to your being employed by the Beauharnois company?—A. Mr. Swezey.

Q. And when was that discussion?—A. I definitely made up my mind to join the company at Mr. Swezey's suggestion, or rather at his indication, somewhere in the vicinity of the middle of October, 1929, and I told him then following a discussion which I had had with Mr. Dunning when the two of us were at Churchill following our recuperation from the operations which we had had for appendicitis, he thought he should release me about the 1st of December, and I so advised Mr. Swezey, and the discussion which we had, Mr. Swezey and myself, in relation to compensation and terms of engagement, and so on, took place around that date.

Q. And you have since March been with the Company?—A. Yes.

Q. That is March, 1930?—A. Yes.

Q. When did you return to your duties as Deputy Minister after your illness?—A. Oh, around the 1st of October, I should think.

Q. 1929?—A. Yes.

Q. So that Mr. Dunning knew that you had made an arrangement with the Beauharnois Company?—A. Yes, he knew that. And remember that the

arrangement in the first place with me was that my term should not exceed the session.

*By Sir Eugène Fiset:*

Q. Was it not the fact that Mr. Dunning himself was sick at that time?—A. He became sick some time in May and had an operation for appendicitis and Mr. Robb acted as Minister for a month or so before the session closed.

Q. But the main reason why he insisted so much that you should become Deputy Minister was because he appeared before the special committee on Railways and Shipping and stated that he had a very heavy construction program for the year and he wanted your advice on the subject matter?—A. Well, there were two things that he had in mind, apparently—a fairly large construction program and also the fact that there was a special committee dealing with the financial affairs of the Canadian National Railways and Major Bell had for many years been the only one in the Department of Railways and Canals who had any real knowledge of the financial structure of the National Railways, and the Minister naturally was at a considerable disadvantage in not having someone who had that knowledge. So that it was upon that ground really that he appealed to me to become Deputy Minister during the session which was then impending.

Q. As a matter of fact, did not Mr. Dunning explain to the committee the reason why you were appointed Deputy Minister at the same time retaining your position as Director of the Bureau of Economics, Canadian National Railways?—A. I do not recall whether he did. He might have.

SIR EUGÈNE FISET: I was a member of the committee and those were the reasons given by Mr. Dunning.

*By Hon. Mr. Mackenzie:*

Q. All the time you were Deputy Minister of Railways were you ever consulted about any feature of the Beauharnois project?—A. Never.

Q. By any member of the Government?—A. By no member of the Government.

The CHAIRMAN: Mr. Henry made it clear that the members of the Government whom he consulted with as to the propriety of acting as Deputy Minister and at the same time taking an interest in the Beauharnois project, assured him that in their view there was no impropriety in the dual position occupied by him.

The WITNESS: That is quite right, and I did not discuss it with anybody else but Mr. Dunning. I discussed that situation with no other member of the government whatever, and Mr. Dunning assured me that he saw no impropriety in my acting, because he could not think of anything in connection with the application that would come up.

*By the Chairman:*

Q. Then, Mr. Henry, are we fair in assuming that from early in 1928 on up until to-day you have been in rather close communication with Mr. Swezey and his efforts?—A. I would say that from approximately the 1st of July, 1928, I have been in rather close touch, with this exception that during the period that I was Deputy Minister I felt it impossible for me to say very much even to Mr. Swezey on the matter. I felt that I had better not know very much about it.

Q. But not in any way relinquishing your hopes with respect to Beauharnois?—A. Oh, no.

Q. And when you were giving evidence here earlier in your enquiry you described your first interview with Mr. Swezey. Can you recollect what date that would be, what year?—A. Oh, that was in 1928.



Q. And, if my memory serves me correctly, that was an interview where you were trying to draw out Sweezey?—A. Yes, that is right.

Q. And Sweezey was endeavouring to draw you out?—A. Yes.

Q. You were jockeying for position, is that a fair way to put it?—A. I think that is fair. At that time I was wondering whether it was not the appropriate time for me to become active and really put the Sterling Industrial Corporation on a basis—

Q. Where you could demand your rights?—A. Where you could carry it through.

Q. Demand your rights?—A. Demand my rights, or show that I was capable of carrying the project through.

Q. I have heard that period described as the appropriate time when you could put the pry under the other fellow?—A. Well, that may be one way of describing it.

Q. Then with respect to the further consideration that was given you, the 8,000 shares at \$1 a share, that was one of the stipulations in your hiring?—A. That arose out of this situation: In my discussion with Mr. Sweezey I wanted to get a larger salary than he was willing to pay at the beginning and he, I think, put it up that way, that in the construction period it is true that the work is a little more onerous than it will be a little bit later on—

Q. There is usually a paucity of money at that period?—A. But he did not want to have the overhead too high and he agreed in lieu of my demand for this salary to do something for me in the way of stock and he did suggest 10,000 shares. It turned out a little bit later on that the commitments for those shares were such that there were only 8,995 left and they came to me. There were not 10,000.

Q. Whatever there were left you got?—A. But that was a kind of a tacit understanding between us, that I would get 10,000, and I have received under that arrangement 8,995.

Q. During all these negotiations with Sweezey you were still—and properly so—inspired by the idea that you knew more about this thing than anybody else did?—A. I was inspired by that idea, yes.

Q. And you knew that, for what it was worth, you had provided the barrier against anybody else by your application back in 1924 with McDougald?—A. Well, I do not know that I knew, but I thought I might have.

Q. You had a rather comfortable feeling that you were in first?—A. Well—

Mr. WHITE: I wonder if it is a fact, Mr. Chairman, that he was in first.

The WITNESS: I think perhaps, Mr. White, you are right in that regard and probably you refer to an application which was made to the Department of Public Works in 1916 or so by the Robert interests. That is correct in that sense, the Sterling was not in first.

*By the Chairman:*

Q. But the Robert interest rights were founded or predicated upon, let us put it that way, an alleged vested right that they had claimed for many years?—A. Yes.

Q. But yours was the first application founded on nothing but a desire and a hope, that is correct is it not?—A. That is right.

*By Mr. Morin:*

Q. Mr. Henry, there were many other applications prior to yours, you know that?—A. Well, I think I knew of most of them, Mr. Morin.

Mr. MORIN: I would refer the committee to page 283 of the Minutes, and there you will find the whole history of those applications.

Q. I find, Mr. Henry, that a few days before the Sterling Corporation filed its application, which is dated on the 7th, July; there was one filed on the 24th of June. This is at page 286. I find that on the 24th of June there was an application filed by the Transportation and Power Corporation a few days before yours?—A. I do not think that I knew anything about that at the time.

Q. You knew nothing about that?—A. No, I don't think I did.

Mr. MORIN: Anyway, the committee will find the whole history, all sorts of applications.

The CHAIRMAN: Did this company, the Transportation and Power Corporation have any vested rights?

Mr. MORIN: They claimed they had vested rights. As a matter of fact they were in litigation with the Beauharnois interests at that time.

The CHAIRMAN: What date is that?

Mr. MONTGOMERY: I do not think so as far back as 1924. I do not think they were in litigation at that time. You may be right but I doubt it. I do not think Sweezey had become interested in Beauharnois in 1924.

Mr. JACOBS: This is an application for a canal from Hungry Bay to Laprairie Basin, using the water at Laprairie Basin at the head of 120 feet.

The CHAIRMAN: At any rate, it is a fair conclusion that those other applications, excepting the one of the Beauharnois Light, Heat & Power Co., and the Sterling Industrial Corporation, have not received any approval of the Governor in Council so far as you know.

The WITNESS: I do not know of any, no.

*By Mr. Jacobs:*

Q. What became of them, are they still before the Department?—A. I do not really know.

*By the Chairman:*

Q. Where is Laprairie Basin?—A. Just above Montreal, just above the rapids at the Victoria Bridge.

Mr. WHITE: The point is that it involved the diversion of 110,000 cubic second feet.

The WITNESS: That scheme has been under consideration for a number of years.

*By the Chairman:*

Q. Who was advancing that?—A. I think there was a report made on that project by a New York engineer by the name of Parsons.

Q. Who was substantially interested in it?—A. I believe the Transportation and Power Corporation.

Q. But they never arrived anywhere?—A. No.

Mr. WHITE: They had a prior application for the diversion of that much water.

The CHAIRMAN: From Lake St. Francis following generally the route of the present canal.

The WITNESS: Instead of dropping in the St. Lawrence at Lake St. Louis they kept on overland at Laprairie Basin.

*By Mr. Lennox:*

Q. Is that shown on the map?—A. No, it is not.

*By the Chairman:*

Q. Would it be fair to suggest, Mr. Henry, that the reason they met with so little success was because they had not the right kind of partners?

*By Mr. White:*

Q. Or because they asked for 110,000 cu. ft. per second?—A. I do not know that I would like to make any answer to that, Mr. Chairman.

*By Mr. Jacobs:*

Q. I see that the Sterling Corporation asked at that time to divert an amount of water not exceeding 30,000 cu. ft., that is, at the time it was filed?—A. Yes.

Q. So there is some difference between 110,000 cu. ft. per second asked for by the Transportation and Power Corporation and your application for 30,000 cu. ft. per second?—A. Yes.

Mr. WHITE: I suppose you were going to be paid on the basis of what you asked for and that you would be entitled to more consideration than the other people would.

Mr. LENNOX: I suppose the point we are interested in is that there was a prior application.

Hon. Mr. MACKENZIE: There were several, no question about that.

Mr. WHITE: And the only one that eventuated in any result was that of the Sterling.

*By the Chairman:*

Q. Has any settlement been made with any of those other prior applicants, does anyone know?—A. That I am unable to answer. Perhaps Mr. Swezey could answer that.

Mr. MONTGOMERY: The only other ones were Beauharnois itself and Transportation & Power, I think.

Mr. LENNOX: Would it not be just as important to get rid of those as it was to get rid of the Sterling application.

Mr. JACOBS: It was a different application altogether. They proposed to go into Laprairie Basin, starting at the same place.

Mr. LENNOX: But if their application were granted there would not be any possibility of granting the Beauharnois application.

Mr. MONTGOMERY: The Transportation and Power were in litigation with Robert. That case went to the Supreme Court.

The CHAIRMAN: Is that the case where the Transportation and Power were setting up that they had an option with Robert and Robert's answer was yes, but it had transpired.

Mr. MONTGOMERY: And they took an action requiring him to turn over the property to them but without any tender of any consideration or anything of the kind.

The CHAIRMAN: Their action was, in effect, one I presume for specific performance.

Mr. MONTGOMERY: Yes, without any tender on their part.

The CHAIRMAN: Well, the Transportation & Power at least had the advantage over the Sterling Industrial in that they had some kind of negotiation with Robert who did have an alleged vested interest.

Mr. MONTGOMERY: Yes, but at that time Robert had cancelled. They were off entirely and were in litigation.

The CHAIRMAN: The litigation between the Transportation & Power and the Roberts was finally determined by the Supreme Court and it was declared that they had no claim upon the Roberts. Then the Transportation & Power was



in the same position as the Sterling Industrial, neither one of them had any claim in fact, and each had an application before the Department.

Mr. MONTGOMERY: Yes. I do not know how those dates check.

The CHAIRMAN: But the present company, or its immediate predecessors for some reason or another did not think it necessary to make any settlement with the Transportation & Power Corporation.

Mr. MONTGOMERY: I think they were in litigation too.

The CHAIRMAN: The Transportation & Power Corporation were in litigation with—

Mr. MONTGOMERY: With Sweezey.

The CHAIRMAN: With Sweezey.

Mr. MONTGOMERY: Yes. They got into litigation, that is, after Sweezey came into the thing.

The CHAIRMAN: That was after the determination of the litigation between themselves and Robert.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: Then they took a shot at Sweezey.

Mr. MONTGOMERY: That is right and that is still pending.

Mr. LENNOX: These applications are very close together. The Transportation & Power Corporation Limited made application on the 24th June, 1924, and the Sterling Industrial was within two weeks after that, July 7th, 1924. One followed the other very closely.

Mr. MONTGOMERY: Apparently.

The CHAIRMAN: Mr. Montgomery, I do not want to ask you to commit yourself, but am I not fair in the assumption, if you take the Transportation & Power Corporation and the Sterling Industrial Corporation Limited, their application for rights there were made for the purpose of having something on record in order that if a serious development took place they would be in a position to do some trading.

Mr. MONTGOMERY: Well, I am not in a position at all to answer that, Mr. Chairman. I do not know a thing about either of the applications.

The CHAIRMAN: Mr. Henry makes it clear as far as the Sterling Corporation was concerned, and I thought perhaps you might be sufficiently well acquainted with the Transportation & Power to answer the question.

Mr. LENNOX: Could not we get a copy of the application made by the Transportation & Power Corporation.

Mr. MONTGOMERY: There is a summary of it in the record.

Mr. LENNOX: Who were behind it? I would like to know the personnel of that company.

Mr. JACOBS: Perhaps Mr. Montgomery could tell us who were at the back of that company.

Mr. MONTGOMERY: The Cantins, Ecremont, and Harris.

Mr. WHITE: The date is June 24th, 1924.

Mr. FORSYTHE: That is File 804-1A, Mr. White.

Mr. WHITE: We do not appear to have that here, but I suppose the committee accepts Mr. Montgomery's statement as to the personnel.

Hon. Mr. MACKENZIE: It is well known.

Mr. JACOBS: That is the company that is now fighting bankruptcy proceedings.

Mr. LENNOX: I think we should have the application.

Mr. FORSYTHE: If you will look at page 285, you have Beauharnois Light Heat and Power Company, File 804-1A.

Mr. WHITE: Well, we will have to get the file. I cannot imagine why it is not here.

*By Mr. White:*

Q. Now, Mr. Henry, as you have told us you are still with the Beauharnois Company. Did you know of the application for the transfer of 13,072 cubic second feet from the Montreal Cotton Company?—A. That came up in October, 1926.

Q. October 1926?—A. October 1929.

Q. Yes.—A. I knew of that application.

Q. And did you have anything to do with it?—A. Well, I discussed it with the Minister, that is, Mr. Dunning, and pointed out to him the position I was in with respect to it and told him that I could not advise him about it, and the application was referred to the proper officers of the Department.

*By the Chairman:*

Q. What was the fate of the application, did it receive approval?—A. It did.

Mr. WHITE: That is how the right is claimed to 53,072 cubic feet.

The CHAIRMAN: That is a degree of detachment on behalf of Mr. Henry that is almost inconceivable.

Mr. JACOBS: His position was not without some difficulty.

The CHAIRMAN: I can quite see that it was bristling with difficulty.

The WITNESS: Well, I might say, Mr. Chairman, that I found myself in similar positions as between the Canadian National and the Canadian Pacific and the Canadian Pacific were willing to accept me as their representative on matters in which they were concerned, and I was an officer in the Canadian National Railways.

*By Mr. Jacobs:*

Q. Yes, at the time you were Deputy Minister of Railways you were also an official of the Canadian National Railways?—A. Yes, sir.

The CHAIRMAN: Mr. Henry says that when working for the Canadian National Railways he was accepted, I presume, as an arbitrator by the C.P.R. when they came in conflict with the Canadian National.

Mr. JACOBS: Yes.

The CHAIRMAN: Well, it is a great tribute to you, Mr. Henry.

The WITNESS: It was a difficult position.

The CHAIRMAN: Of course, a conflict between the two roads is a little different to this because you had no personal interest, no personal material interest in the subject matters at stake.

The WITNESS: Yes, quite.

The CHAIRMAN: In this you had an unquestionable interest, not only from a material standpoint but, I imagine, by reason of your interest from a scientific point of view which might be more appealing even than the material.

The WITNESS: Well, I will admit, Mr. Chairman, that the situation was an awkward one.

*By Mr. Jacobs:*

Q. You made your position quite clear to Mr. Dunning?—A. I made my position clear to the Minister. That was all I need do.

*By Mr. White:*

Q. Did you disclose to Mr. Dunning that you were associated with Senator McDougald?—A. I do not know that I disclosed that particularly. I think I told him that I was interested in the Beauharnois project.

Q. Now, that answer is not quite like the others, Mr. Henry. It is not as frank as some of the others.

The CHAIRMAN: In Mr. Henry's evidence this morning I think he made it clear that Mr. Dunning did know.

The WITNESS: Well, I imagine he did. I do not know that I discussed it with him particularly.

The CHAIRMAN: I would rather think that with the inquiring mind that Mr. Dunning has he would scarcely let that go by, realizing the difficulty of your position, without making at least some casual enquiries.

The WITNESS: Well, at any rate, it was a difficult position, Mr. Chairman.

Mr. JACOBS: Mr. Henry has said that he was practically forced into that position as Deputy Minister of Railways and Canals at that time.

The WITNESS: I would not have been there at the time this came up had it not been for the fact that the Minister of Railways had been incapacitated for practically the whole summer and I was incapacitated myself.

*By Mr. White:*

Q. Then coming now, Mr. Henry, to your position. You are quite a substantial shareholder in the company. You own, 8,995 shares?—A. I own 8,995 shares, and I think I have bought some odd blocks since then. In addition to that I am entitled to but have not yet received, I mean had transferred to me the equivalent of 1,000 part-interests which would be 40,000 shares.

Q. 40,000 and 8,000, roughly about 50,000 shares?—A. Somewhere in that vicinity.

*By Mr. Gardiner:*

Q. Did you get paid the cash bonus which you received with the thousand part-interests that you own?—A. I have not received the whole of that yet. I have only received a part of it.

*By Mr. White:*

Q. And the part that you did receive, from whom did you receive it?—A. I received it from Senator McDougald.

Q. And that would be part of \$150,000?—A. Right.

*By the Chairman:*

Q. How much was the total cost, that is, the 2,000 part-interests?—A. \$300,000.

Q. Has McDougald got it all?—A. All the \$300,000.

Q. Did he receive the whole \$300,000?—A. I imagine so.

Q. What is he doing, holding out on you?—A. Oh, no.

Q. You think you can get it on demand at any time?—A. Oh, I think so.

*By Mr. Gardiner:*

Q. Can you tell the committee, Mr. Henry, how much of that you have received?—A. I would be glad to. I will have to check it up. I will be glad to give you that on Monday, if you would like to know.

*By Mr. White:*

Q. Then in addition to that, of course, you are in receipt of your salary?—A. Yes.



Q. And I see by some of the records a very considerable expense account?

—A. A very considerable expense account? Are you referring to any particular one.

Q. I remember one item of \$8,000 odd?—A. \$9,000.

Q. Yes?—A. Oh, well, I can very easily explain that.

Q. I do not need any particular explanation. I am not suggesting there was anything wrong about it. I am merely mentioning the fact?—A. I will be very glad to answer that if there is any question about it.

Mr. JACOBS: It is a matter between Mr. Henry and the company. We are not interested in that.

The WITNESS: I may say that I put in regular expense accounts.

The CHAIRMAN: You are probably out-of-pocket.

The WITNESS: I am, yes. I will be very glad to answer that question if you want me to.

Mr. JACOBS: I think not.

*By Mr. White:*

Q. Then at the present time Senator McDougald is the President of the Board?—A. He is.

Q. The works are progressing advantageously. I understand?—A. They are.

Q. And well within the estimates which were made as to the cost?—A. Well within the estimates which were made as to cost, yes.

Q. As an example, I understand that the estimate for earth excavation was 33 cents and that you are doing it for something like 15 cents?—A. I do not recall the precise figure. I think it was 33 cents, but at any rate we are doing it now for under 15 cents. I will have to qualify that. That is excavation which falls in the category of material which can be handled by the hydraulic process. The boulder clay is costing about 27 cents.

Q. And then have you made an estimate of what the total expenditure will be on the works? I am not talking about the million that went to the Sterling people, or whatever it was, or some of these other things, but have you made an estimate of what the actual cost of the works will be to produce 500,000 horsepower?—A. Yes, sir.

Q. And what do you estimate that to be?

While Mr. Henry is looking that up, I have now the file 804-1A, Exhibit 17. The letter is addressed to the Hon. J. H. King, Minister of Public Works dated July 24, 1924, and it says:

On the 28th day of December, 1909, an Indenture was made between His Majesty the King represented by the Hon. William Pugsley, Minister of Public Works of Canada, and Sarah Robert, widow of the late Joseph Bartholomew Robert, William Henry Robert, of the town of Beauharnois, in the province of Quebec, and Joseph Alfred Robert of the city of Ottawa, in the province of Ontario, and Sarah Mary Robert, spinster, of the town of Beauharnois, all legal heirs of the said late Bartholomew Robert, by which the Minister recognizes that the said Roberts are entitled to a supply of water from Lake St. Francis and the River St. Lawrence into and through a certain feeder or canal in Catharinetown in the seigniori and district of Beauharnois.

On the 4th of November, 1921, the said Robert did agree to sell, assign and transfer unto The Great Lakes and Atlantic Canal and Power Company, Limited, all their rights, title and interests to the said

Indenture and also their rights, title, interests and shares in the Beauharnois Light, Heat and Power Company, incorporated by Act of the Legislature of Quebec, for the purposes of acquiring the water-power, property, business, franchises and contracts then owned or operated by Joseph Barthelemi Robert, author of the said Robert, and that, in fact, a sale of the said water-power, property, business franchises and contract was made to the said Company by the said Robert, on the 26th March, 1910.

On the 29th of August, 1922, the Great Lakes and Atlantic Canal and Power Company Limited sold, assigned and transferred unto the Transportation and Power Corporation Limited all its assets, including the Indenture abovementioned.

The Transportation and Power Corporation Limited contemplates to undertake the development of a water-power by building a canal from Lake St. Francis to Laprairie Basin, in the province of Quebec.

It is stipulated in the abovementioned Indenture that should the said Robert or their assignees desire or require a greater supply of water, they shall have the right to widen and deepen the feeder provided that such changes do not interfere with navigation, but before such work shall be undertaken the said Robert or their assignees shall deposit plans, sufficient to show the work they desire to have done, with the Minister of Public Works.

The Transportation & Power Corporation Ltd. have had a general plan prepared by Paul Seurot, P.E.Q., that they believe sufficient to show the work they desire to have done, and which plan they are now depositing with the Minister of Public Works for approval.

As the plan shows, the work the Company contemplates to undertake is the development of a water-power by building a canal from Hungry Bay, Lake St. Francis, to Laprairie Basin, below Lake St. Louis, St. Lawrence River, using the water at Laprairie Basin under a head of 120 feet, the utmost efficiency head practically possible for the use of said waters.

To effect the said water-power development, it is essential that the Company should divert 110,000 cubic feet per second from Hungry Bay on Lake St. Francis to Laprairie Basin below St. Louis, St. Lawrence River.

The diversion of water between Hungry Bay and Laprairie Basin is not to interfere with navigation in any way, nor affect the level of Lake St. Francis nor that of Lake St. Louis, as the Company will provide and construct the necessary remedial works as approved by the government for the protection of navigation and also to maintain the water levels of the above named Lakes.

The Company also agrees to provide through their canal sufficient navigation accommodation between Laprairie Basin and Lake St. Francis as will satisfy the Government's requirements.

The project herewith submitted, has been studied from all angles by very eminent engineers, and our Company is in a measure able to demonstrate that the location for the aforesaid contemplated water-power development, under an efficiency head of 120 feet, is nowhere to be duplicated, and that no other development or series of development using said waters can be found capable of producing electric energy at anything near the same economical efficiency, therefore the Company should have the exclusive privilege to use all the water available until the possible maximum production is reached.

After you have had the opportunity of getting further information from the report of your Engineers we would request the privilege of further discussing this proposition.

THE TRANSPORTATION AND POWER CORPORATION LIMITED

Per ADOLPHE BAZIN,  
*President.*

Mr. MONTGOMERY: You will observe that at that time their application was based upon their alleged transfer from Robert which was then in litigation before the Courts.

The CHAIRMAN: That is the point I was discussing a moment ago.

Mr. WHITE: The same kind of basis as the ultimate application of the Beauharnois company.

The CHAIRMAN: No, hardly, Mr. White.

Mr. WHITE: The same kind.

The CHAIRMAN: The same kind, yes.

Mr. WHITE: That is founded on some transfer or alleged transfer from the Roberts.

The CHAIRMAN: But the Beauharnois application was founded upon the Robert rights. This one was founded upon the alleged rights of Roberts which, in fact, after going through the courts was found to be non-existent, and after this application of the Transportation and Power Corporation had gone through the courts and it was disclosed that they had no rights founded on the Robert rights, it placed this application so far as real rights were concerned in the same category as the Sterling Industrial Corporation.

Mr. WHITE: Founded on no rights.

The CHAIRMAN: On no rights.

Mr. JACOBS: If I remember, the witness stated that the Sterling application was held up because the department was waiting for a certain report from the Joint International Board.

Mr. WHITE: I do not think that is quite correct, sir. My recollection of it is that Mr. Henry realized that because of the appointment of that Board it was useless to press the application and it remained in abeyance, whereas one of the other applications,—you will remember the letter of Mr. Carvell in which he pointed out in respect of that particular application, which was a Robert application, that because of that it could not be dealt with until after the—

Mr. JACOBS: Yes, but Mr. White. I am trying to draw the distinction between that application and the application of the Transmission Company. They turned it down completely because of the fact that they were getting at a head which was 120 feet, I think, and they were asking for 110 c.f.s. whereas this company was merely asking for 40,000 c.f.s.

The WITNESS: 30,000.

Mr. WHITE: Let us see what the file says about it. That letter that I just read, that application of June 24th, was acknowledged by Dr. King on the 26th of June in a letter to Adolphe Bazin in which he says:—

I beg to acknowledge receipt of your favour of the 24th inst., with plans filed in behalf of the Transportation and Power Corporation, Ltd., for the development of water power by building a dam from Lake St. Francis to Laprairie Basin in the province of Quebec, which will be carefully investigated by the department as soon as possible.

Mr. JACOBS: From Lake St. Louis to Laprairie Basin?

Mr. WHITE: From Lake St. Francis to Laprairie Basin. And there is a notation there: "report requested, J.M.C."



The WITNESS: J. M. Cameron, that would probably be.

Mr. WHITE: Then there is a letter from Mr. Cameron, Chief Engineer, to J. L. Dansereau, District Engineer, under date June 28th, 1924:—

I am enclosing herewith copy of a letter dated 24th inst., from the President of the Transportation & Power Corporation, Ltd., Montreal, P.Q., concerning development of water power by building a dam from Lake St. Francis to Laprairie Basin in the province of Quebec, and it is desired that you submit a report on this matter.

Then on August 26th, Mr. Cameron writes Mr. Dansereau, District Engineer, Montreal, asking when he may expect the report. Then Mr. Dansereau makes his report on September 4th, and this is the report:—

I acknowledge receipt of your letters of the 28 of June last and the 26 of August last, in regard to the application of the Transportation and Power Corporation Limited, Montreal, for development of water power by building a dam from Lake St. Francis to Laprairie Basin.

I beg to report that the plan submitted by the company is absolutely inadequate to report on the proposed work. The company claims that the project has been studied from all angles by very eminent engineers. I have requested the company to forward as soon as possible the working plans and the studies of these engineers.

With the present plan we have only the application of the company asking the authorization to divert 110,000 cubic feet of water per second from Lake St. Francis into Laprairie Basin. The company states that in doing this diversion they would not affect the level of Lake St. Francis or Lake St. Louis and that they would not affect any other interest. But there is no plan accompanying their application by which they endeavour to prove these statements.

The question as put up to the Department by this present application is whether or not a diversion of 110,000 cubic feet per second from Lake St. Francis can be allowed or not.

The answer seems obvious that no such application can be granted before the applicant company shows how they are going to make this diversion without interfering with navigation or vested interest.

The CHAIRMAN: Mr. White, I should like to ask Mr. Henry, after you filed your application of the Sterling Industrial Corporation, did any engineers of the Department of Public Works make an investigation and report, based upon your application and plan?—A. No. If I recollect correctly, the application to the Department of Public Works was turned back with the observation that they did not see that the company had any lease or was the owner of any property upon which they intended to build works, and therefore could not be considered under the Navigable Waters Protection Act, but the application made by the Sterling Company was based upon a different set of conditions; that is, the one that has just been read, which was based upon the knowledge that the Wooten Bowden engineers' report made. It recommended that route for a navigation canal, and the idea behind it was that it should be enlarged to the extent necessary to permit of a diversion of 30,000 c.f.s. That was the idea.

Q. So that I am right in assuming then, when you procured the application to be made of the Sterling Industrial Corporation, and filed the plan of the company you got your information from the Wooten-Bowden report?—A. The basis of it, but it had to be analyzed from a standpoint of a possible enlargement for navigation, for power purposes.

Q. Let me put it this way: when you made your application, you had the benefit of that report?—A. Oh, yes.

Q. And the transportation and power company had not?—A. Well, if they had not, it must have been their own fault, because application was made just a few days before; they ought to have known it.

Mr. LENNOX: When you made your application on the 7th July, were you aware that the Transportation and Power corporation had a few days — —A. No, I had no knowledge of it, then. As a matter of fact, later through my obtaining a copy of a report which I think was made by a consulting engineer in New York named Parsons—my memory may be wrong there—but I did see a report upon this scheme, I imagine it is the same scheme that is referred to here.

*By the Chairman:*

Q. At any rate, there were no engineers representing the Government visited this location and made an investigation into your application?—A. No, not that I know of.

Q. So we are inevitably driven to the conclusion that the major strength of your application, of your position, was by reason of your partner?—A. Well, I don't know that that entered my mind at the start at all, if that is what you have in mind, Mr. Chairman. I knew nothing whatever about Senator McDougald when I went to him at the start, except I had met him as chairman of the Harbour Commission. I did not know anything more about him than that.

Q. You just gravitated towards him?—A. Well, no. I think perhaps I can illustrate just what happened there. I got into a dispute on behalf of the National Railways with the Harbour Commission.

Q. That is what you were telling us about this morning?—A. No. And I happened to be able to present the facts of the case I was representing in a very favourable fashion, and Dr. McDougald complimented me on it. Not so very long after that he asked me if I ever ran into or thought of any development that I wanted any backing in, he would be glad to back me, and that was really how it started.

Mr. WHITE: He was backing the right horse.

Then, on September 5th, 1924, page 271 of this file, Mr. Cameron suggested that the Department write the Transportation and Power Corporation along the lines of the engineers' report, asking for the information as to how the levels of the lakes were to be preserved.

On the 11th September, 1924, the Beauharnois Light, Heat and Power Company, per W. H. Robert, president, wrote the Hon. Mr. King protesting against the application. The words are—

Hon. Mr. MACKENZIE: What does it say?

Mr. WHITE: I will have to read it:

The estate of the late Mr. Joseph Bartholomew Robert has just been informed that the Transportation and Power Corporation Limited is applying to you for permission to divert 110,000 cubic feet of the waters of Lake St. Francis, for the purpose of developing a water-power.

This application of the Transportation and Power Corporation Limited is based on the indenture of the 28th of December, 1909, between His Majesty the King and the estate of the late Joseph B. Robert. The Transportation and Power Corporation Limited contends that it has acquired from the estate of the late Joseph B. Robert all its rights under the above-mentioned indenture.

As one of the heirs of the late Mr. Joseph B. Robert and representing all the others and duly authorized by them, I beg to protest against the above-mentioned application. The pretended sale by the estate of the Great Lakes and Atlantic Canal Power Company Limited has never been consummated and the estate still owns all the rights conferred to it

by the indenture with His Majesty the King dated the 26th December, 1909, and the estate is the only party entitled to the benefit of the said indenture.

The estate is prepared to support its opposition if so required and in the meantime strongly protests against the application made by the Transportation and Power Corporation Limited.

And, then there are some notations on the letter.

Then, on the 16th September, Mr. O'Brien, as secretary to the Public Works Department acknowledges the receipt and says that the protest is noted. On the 17th of September, 1924, Mr. Cameron writes Mr. Dansereau, enclosing a copy of Mr. Robert's protest, and that also is sent or transferred to the Minister.

Then there is a memorandum, I think you would call it, from the Council of the City of Salaberry de Valleyfield, dated the 8th October, 1924, sent by the private secretary to Mr. Robb, sent by Mr. Robb to Mr. King, and that sets out a great many of the advantages of the canal in some location.

On February 2nd, 1926, Mr. Cameron sends to Mr. Dansereau, Mr. Holgate's report of May 31st, 1915. Then, there is an article here from the Montreal Gazette entitled "A dangerous flirtation", a warning to the committee; that is all.

The CHAIRMAN: I do not think that would be of any help.

Mr. JACOBS: At that time the Montreal Light, Heat and Power Company had not obtained a substantial interest in the Beauharnois company.

Mr. WHITE: Then there is the letter to Mr. Morris the clerk of the Private Bills Committee, which is as follows:

A notice appears in the press that the Great Lakes and Atlantic Canal and Power Co. Limited are to make application to the parliament of Canada at its present session for an Act to build a canal from a point on Lake St. Francis to a point on Lake St. Louis, etc.

The advertisement is dated January 24th and is signed by J. W. Harris, Secretary of the company.

Would you let me know if the company has presented its bill and if you would arrange that we would receive copies of the bill as, if it comes up before the Private Bills Committee, we would desire to be present to hear what is said and possibly make representations.

The letter is signed by J. B. Hunter, deputy minister of Public Works.

Mr. Morris, the clerk of the Private Bills Committee, acknowledges receipt of the letter and says the bill will be printed, and as soon as they are available, he will send Mr. Hunter a copy. The bill is No. 255, as shown in the 16th parliament, 1926-27. It got its first reading March 31, 1927. That is the end of the file, so far as I can see.

The WITNESS: That figure, Mr. White, is \$63,365,000. That is, excluding reference to the syndicate operations prior to the Beauharnois Power Corporation taking them over.

*By Mr. White:*

Q. And of that \$63,000,000 of actual cost, it is going to take \$80,000,000 of bonds?—A. Well, \$80,000,000, I don't know that I would—

Mr. JACOBS: How do you make that up?

Mr. WHITE: Mr. Griffith tells us they propose to issue fifty millions more than they have already issued.

Mr. JACOBS: Retire—

The WITNESS: That is a limitation.

Mr. FORSYTHE: Not exceeding fifty millions.

Mr. WHITE: I was asking Mr. Henry if it was estimated that in order to pay that amount of money sixty-five million odd, is it?—A. \$63,000,000.



Mr. WHITE: It will take eighty millions of bonds.

The WITNESS: Oh, it should not take eighty millions of bonds.

Q. How much?—A. Of course—

Q. Can you give it?—A. I should think a discount of ten would be about right, not more than 10.

Q. Ten what?—A. Ten points.

Mr. JACOBS: Selling at ninety.

Mr. WHITE: I am not referring to the discount.

Mr. JACOBS: That is what they will get for the bonds.

The CHAIRMAN: I think you are missing the point of Mr. White's question. His question is this: this project, so far as the estimated cost by the company is concerned, exclusive of work done by the syndicate, is \$63,600,000.—A. That is the net money that has to go into the project.

Q. Can you estimate what the syndicate spent?—A. Well—

Q. An estimate.—A. Well, the amount included in the estimate as having been spent by the syndicate, and that figure comes from Mr. Griffith, is \$5,300,000.

Q. That would make a total of \$69,000,000.—A. Practically.

Q. Mr. White's point, as I gather it, is this: you will actually spend in bringing this project to a conclusion, \$69,000,000.—A. Right.

Q. But the company will have to shoulder the charge of eighty millions of bonds; is that the point?—A. We will only have to show that that discharge of eighty millions providing—

Q. Providing the whole fifty is issued?—A. Yes; and it will only be issued if the trend of the market is so bad that the discount of securities cannot be sold for somewhere in the vicinity of ninety.

*By Mr. White:*

Q. Taking it at ninety?—A. If you take it at ninety—

Q. What I want to get at is this: if you listen to me just for a moment, you would understand what I am at. You as general manager of this company will ultimately have to make a requisition to your directors for money enough to complete the project?—A. I will.

Q. And they will have to raise the money by the issue of bonds as contemplated, I mean to say, as far as the present intention is concerned?—A. Yes.

Q. Now, how much—at ninety, how much of the bonds are you going to have to ask them for?—A. On the basis of this estimate I will have to ask them for about 76 millions instead of 80.

Q. Seventy-six of bonds?—A. Seventy-six of bonds.

Q. Which you contemplate will be sold at ninety?—A. Of which 30 have already been issued.

*By the Chairman:*

Q. Which leaves approximately \$7,000,000 upon which interest will have to be paid, and the principal retired some time?—A. Right.

Q. For which services may have been rendered, but which has not got anything to do with the actual construction of the works?—A. That is right.

Q. For some of which no services were rendered?

Mr. JACOBS: What is that?

Hon. Mr. MACKENZIE: There is an inference there.

Mr. WHITE: Unless you can say removing an obstruction was a service.

Mr. JACOBS: Sometimes an obstruction is a service.

Mr. WHITE: Well, I do not want that kind of a service in my path.

Hon. Mr. MACKENZIE: His Majesty's loyal opposition, for instance.

Mr. WHITE: That is not an obstruction, surely. It was, when the Conservatives were not in power.

Q. Then, take 76 millions at six per cent—?—A. Well, I would not anticipate that that would be seventy-six millions at six per cent.

Q. Why not?—A. Well, because the balance of the security there, I would expect the interest rates would be lower than six per cent, certainly not in excess of five and a half per cent.

Q. Take thirty millions at six per cent?—A. That is \$1,800,000 a year.

Q. A year, and then forty-six millions—?—A. At five and a half per cent, it is \$2,530,000, and if you add the two together, it is \$4,330,000 a year.

Q. That would be your annual fixed interest charge?—A. Yes.

Q. And 500,000 horse-power at, say, \$3 a horse-power, profit?—A. \$3 profit?

Q. Would amount to what?—A. \$3 profit would amount to \$1,500,000.

Mr. MONTGOMERY: The earnings are all set out in the capitalization sheet

Mr. WHITE: The estimated earnings.

Mr. MONTGOMERY: The estimated earnings are set out in the capitalization—

Mr. WHITE: I am asking Mr. Henry, not somebody else.

Mr. MONTGOMERY: He did not give you an estimate of \$3.

Mr. WHITE: I know he did not; that is only a mathematical calculation.

Mr. MONTGOMERY: I see. So long as it is understood you are putting the hypothetical suggestion yourself, all right.

Mr. WHITE: Am I not to have the liberty of doing that?

Mr. MONTGOMERY: I will not protest so long as it is understood there is no \$3 in the evidence.

Mr. WHITE: I think everybody understood that, and I am sure you did.

Q. Have you any calculation as to what your annual cost will be in addition to the fixed interest charges?—A. Well, I have not got it in mind; if you would like a statement of that I will be glad to produce it on Monday, but I cannot carry it in my mind.

Mr. JACOBS: Cost of operation?

Mr. WHITE: Operation including wages, maintenance, repairs, depreciation, and all the things that go into a proper annual operating cost?—A. Yes, we have the complete figures as to that, yes, we had made a complete statement as to that.

Q. If Mr. Henry is to produce that on Monday, I think perhaps I do not need to ask him anything further to-day, because anything further I would have to ask him would be based upon that figure. I do not know whether my friend Mr. Morin desires to ask Mr. Henry anything or not.

Mr. MORIN: I have only one reference to make. I should like to bring to the attention of the committee the following facts to complete the history of the dealings of Senator McDougald with this project. I have in my hand the proceedings of the special Senate Committee of the Senate of Canada on the development and improvement of the St. Lawrence river of the year 1928. I find at page 12, that on May 7, 1924, the National Advisory Committee for Canada was appointed, and the Hon. Wilfrid Laurier McDougald, Montreal, was a member of this advisory committee.

Mr. JACOBS: 1924?

Mr. MORIN: 1924.

Mr. JACOBS: Mr. McDougald was made an honourable in 1926. We have evidence here that he was appointed in October, 1926.

Mr. MORIN: He is referred to here as honourable.

The CHAIRMAN: He probably became honourable by statute in 1926.

Mr. JACOBS: That is an important fact.

Mr. MORIN: This committee made a report on the 11th January, 1928, and I have the report in my hand. There is a majority report and a minority report. I shall file this as an exhibit, because it might be interesting. The report is on page 18 of Exhibit 77, and here is the report signed by the members including Senator McDougald.

They say,

We believe that the first concern of this committee should be, and of the government will be, the national aspects of the proposed undertaking, and regard it as most desirable that the initial development take place in the purely domestic section of the river, lying within the province of Quebec. We believe that if a reasonable time were permitted in which to enable the resultant power to be economically absorbed, the development of this national section would be undertaken by private agencies able and willing to finance the entire works, including the necessary canalization, in return for the right to develop the power.

The chairman was W. E. Foster.

Mr. JACOBS: Who are the other members?—A. The other members of the committee were: Thomas Ahearn, Ottawa, Hon. W. E. Foster, Beaudry Leman, Adelard Turgeon, Hon. Geo. P. Graham, Edward D. Martin, Hon. W. L. McDougald, Sir Clifford Sifton, Major General John William Stewart.

Hon. Mr. MACKENZIE: The advisory committee.

Mr. MORIN: National Advisory Board.

Mr. JACOBS: Appointed by the Senate.

Mr. MORIN: Appointed by Order in Council. And they report in 1928. Then, there is a minority report signed by Beaudry Leman and Adelard Turgeon, and they say,

It would appear advisable to follow in their general outline the plans submitted by the Joint Board of Engineers, subject to such changes as further investigations may render desirable—

Then, on page 27, they say,

It would appear of great importance that the Crown retain permanently its proprietary rights in all the improvements connected with this vast undertaking and pertaining to both navigation and power development. It is not difficult to visualize the immense value to Canada of retaining the control and disposal of such a large amount of hydro electric energy admirably situated and which may be advantageously developed. In respect of an undertaking of this magnitude, which may insure the prosperity of many generations of Canadian citizens, the permanent ownership of this great Canadian heritage should not be surrendered to private interests but the operation of the power works developed by such a project could be leased or formed out, under conditions to be studied and determined.

In the opinion of the undersigned, the project is feasible and practicable and may be proceeded with when the important economic and financial questions involved in such an undertaking, a few of which are outlined in the preceding paragraphs, have been satisfactorily dealt with.

This report is signed by Mr. Beaudry Leman, who is now president of the Banque Canadienne Nationale, and Mr. Adelard Turgeon, president of the Legislative Council of Quebec, but they were in the minority in their conclusions.

Now, Hon. Dr. McDougald called Mr. Henry as a witness before the Senate committee in 1928. He had previously arranged for the evidence of Mr. Henry before the Senate committee, and you will find this in the blue book. Do you think I should file it?



The CHAIRMAN: I think we should all have a copy of the proceedings before this committee. This is very interesting.

Mr. STARR: Did you say that Hon. Mr. McDougald called Mr. Henry?

Mr. MORIN: Yes; and said that he had arranged some questions to be submitted to Mr. Henry. I will quote Mr. McDougald. At page 215—

Before we start Mr. Henry's evidence, I would just like to say a word. During the investigations made by the National Advisory Board, I was able, by the courtesy of Sir Henry Thornton, to go to Mr. Henry at all times, and he was in a position to give some very valuable information and supply very valuable data in regard to transportation, not only in connection with railways, but in connection with the waterways; and I can say here that the information I obtained from him was of great assistance to myself and other members of the National Committee in arriving at some of the conclusions which we reached. Having that in mind, I think that perhaps you might allow me, as on that occasion when we had the men from the harbour of Montreal here, to prepare some questions. Yesterday I prepared some questions, and submitted them to Mr. Henry last night, having in mind what you said yourself, Mr. Chairman, so that he might be familiar with them, and so that we might cover the ground quickly.

So, many questions were submitted to Mr. Henry, and the last one is found on page 232.

Mr. STEWART: What is the date of the proceedings?

Mr. MORIN: The proceedings are dated June, 1928, and the report is dated June 6th, 1928.

Hon. Mr. McDUGALD: The last question that I have, Mr. Henry is: in your opinion should the improvement of the St. Lawrence waterway be gone on with as soon as possible, and, if so, why?

Mr. HENRY: Well, as I stated this morning, the capacity of the existing canals being within measurable distance of being reached, and inasmuch as any improvement undertaken would involve several years before it could be in operation—

Right Hon. Mr. GRAHAM: You mean by "improvement" the development?

Mr. HENRY: Yes.

Right Hon. Mr. GRAHAM: The waterways scheme?

Mr. HENRY: The waterway development. The full effect of the waterway in a reduction in rates, on account of its having reached its capacity, will not obtain. Some relief will have to be provided.

Right Hon. Mr. GRAHAM: In the meantime?

Mr. HENRY: I mean, it would have to be started right away.

Right Hon. Mr. GRAHAM: If the waterway development scheme is approved and goes on, in the time that will elapse between now and the date when that will become available, we shall have to make certain improvements on our own canals to take care of the increase in the traffic.

Mr. HENRY: It might be desirable to do that, Mr. Graham."

Mr. WHITE: Is Mr. Henry asked anything there as to whether he advises that it should be done by private enterprise or not?

Mr. MORIN: No, I do not think Mr. Henry touched that point.

*By Mr. Jacobs:*

Q. Are you still of the same opinion as you were when you gave your testimony before that committee?—A. In view of the fact that Russia has emerged from the state of chaos which obtained at that time, I am not so sure that the traffic which I referred to in that evidence is going to materialize to the extent I thought; but I still think there is reasonable merit in giving Canada the benefit of transportation by water; whether this is the time to do it or not is another question.

Q. The Canadian and American governments seem to think so.—A. I did believe the trend of traffic was so affected by that advantage that in a measurably short time the capacity of the canals as they then existed would be reached before the work could be completed.

The CHAIRMAN: This committee, Mr. Henry, whose report Mr. Morin has been reading, amongst other things was dealing with the respective merits of public and private ownership, as I take it.—A. Well yes, it was.

Mr. JACOB: Is that a fact?

Mr. FORSYTHE: I do not think the Senate committee was.

The WITNESS: I do not know whether that is right or not.

The CHAIRMAN: The minority report makes that clear.

Mr. FORSYTHE: That is a different committee. That is a report of the National Advisory committee, and the proceedings from which Mr. Morin was reading are from the Senate committee.

Hon. Mr. MACKENZIE: What was the subject the committee was investigating? What were the terms of the reference to that committee?

Mr. Morin:

That a special committee of the Senate be appointed to inquire into and report from time to time on the matter of the development and improvement of the St. Lawrence river for the purposes of navigation and production of electric current and power and matters incidental to such objects, and that the committee be empowered to send for persons, papers and records, to examine witnesses under oath if deemed necessary, and to employ stenographers and other clerical help subject to approval of the Senate in regard to expenditures; and that the committee be composed of the Hon. Messieurs Beaubien, Beique, Black, Buchanan, Casgrain, Copp, Farrell, Gillis, Graham, Hardy, L'Esperance, Lynch-Staunton, McLennan, McDougald, McMeans, Molloy, Murphy, Pope, Reid, Robertson, Ross (Moose Jaw), Sharpe, Smith, Tanner and Willoughby.

Hon. Mr. MACKENZIE: Did they make a report?

Mr. MORIN: Yes, they made a general report.

The special committee appointed to inquire into and report from time to time, on the matter of the development and improvement of the St. Lawrence river, beg leave to make their third report as follows:

It was considered advisable by the committee to confine its investigations to obtaining information bearing on this project from every angle, in order to enable those interested in this important matter to arrive at a sound opinion, based on facts presented to the Committee by experts.

The evidence of the witnesses examined, with the memoranda they submitted, your committee believes brings together a fund of information which should be of the greatest value. This also may be said of the evidence before your committee in regard to international engagements respecting the navigation of the St. Lawrence.

Your committee submit herewith the evidence, documents, and other matters produced at hearings, and recommend that, as time did not permit the committee to hear all the witnesses whose evidence would be of public service, and, as new aspects of the problem studied may in the interval develop, that the Senate, at the beginning of the next session of parliament, should consider the advisability of again appointing a special committee to continue this inquiry.

Hon. Mr. MACKENZIE: Was that done? Was the committee continued during the next session or sessions?

Mr. MORIN: No, I do not think so.

Mr. STARR: What happened?

Mr. LENNOX: Before what committee did Mr. Henry give his evidence?

Mr. MORIN: Before the Senate.

Mr. JACOBS: There was no report made?

Mr. MORIN: Mr. McLachlan's evidence covers nearly half the book.

Mr. STEWART: Did that committee bring in any findings?

Mr. STARR: No. They adjourned to the following year.

Hon. Mr. MACKENZIE: Gathered the evidence and adjourned until the next session.

*By Mr. Montgomery:*

Q. In your evidence, Mr. Henry, you refer to the development of the Economic flow of the river. I should like to know what you mean by that. I am looking for the reference?—A. If reference is made to page 227 of the report of the Joint Board of Engineers, appendix B, plate No. 2, there is a curve which is entitled—

*By Mr. White:*

Q. What page?—A. 227, appendix B, plate 2, the regulation of the Great Lakes discharge, the variation curve of the various schemes of regulations. From these curves it will be seen that the flow of water from Lake Ontario through this section of the river varies, approximately, 180,000 c.f.s. to 340, and the report suggests various schemes of regulation which would affect that flow. Now, it is a question, it would naturally be a question on the mind of anybody starting to develop the possibilities of that section to determine the flow on which they could count upon as economic, having regard to the conditions which existed at the time. For example, it might be wise only to put in a development which would take a flow of 220,000 c.f.s. which, according to the curve I am looking at, occurs for 60 per cent of the time, and under another set of conditions it might be considered wise to put in an installation which would utilize say 250, which, according to this curve, occurs about 25 per cent of the time. In other words, the variation flow is the thing which determines the economic installation.

*By Mr. White:*

Q. Not entirely, that is not the sole consideration?—A. No. It is one of the considerations.

*By Mr. Montgomery:*

Q. I have found the record at page 355 of the evidence. On page 358 of your evidence, Mr. Henry, you were being asked about the change in the feeder and you said:—

Application has been made for the substitution of this new one for the old one.



I do not think that application has been filed, so I will ask, Mr. Chairman, to file it as an exhibit. It has reference to the fact that there is a change of some 3,000 feet below the canal instead of above it.

The CHAIRMAN: That is where reference is made to the dyke. I thought Mr. Henry said that was done without application.

Mr. MONTGOMERY: I want to clear that up. The question was asked at page 358:—

Q. And under what authority?—A. There is no authority for the construction of that head gate. Application has been made for the substitution of this new one for the old one.  
and the thing was dropped.

WITNESS: I might explain in connection with that application that the plans which were filed in July, 1929, and August, 1930, indicated the necessity for the diversion.

*By Mr. White:*

Q. Of the feeder?—A. Of the feeder to take care of the construction of the canal; and it was, I find, the idea of the officers of the company that this plan indicated the intention of the company and the necessity for the diversion, and that no further application in that regard was necessary.

*By Mr. Montgomery:*

Q. You are now looking for the plan of July, 1929?—A. Yes.

*By Mr. White:*

Q. That was filed with the Department of Public Works?—A. Yes.

The CHAIRMAN: Let me get this clear. The plans to which you just referred disclose that the old feeder is cut off by the canal; and do I understand you to say that this discloses a passage way through the dyke which was to take the place of the old feeder?

WITNESS: It discloses a new St. Louis feeder, and necessarily discloses the fact that that had to have an opening.

The CHAIRMAN: Through the dyke?

WITNESS: Through the dyke. I found that the officers of the company thought that this was all that was necessary, and in my discussions with the officers of the Department of Public Works, during the early part of 1930, after I had joined the company, they seemed to be of the same opinion, and, later on, in a discussion I had with Mr. Coutlee, he drew my attention—which I knew, of course—he drew my attention to the fact that the company was operating the present feeder—the opening—under a lease from the Department of Public Works which arose out of an arrangement or lease which had been granted, following the decision of the Exchequer Court on the Robert rights.

*By Mr. Montgomery:*

Q. Is that lease filed?—A. I do not know whether it is or not.

*By the Chairman:*

Q. Do I understand that the lease which was granted following the litigation gave the Roberts the right to breach the dyke?—A. The dyke had been breached long before that, and they simply recognized that he had some right in it, and gave him a lease.

Mr. MONTGOMERY: That was in 1909.

*By Mr. White:*

Q. Subject to the placing of a head gate?—A. Yes. The head gate had been in. It was for the control of the head gate. This is the old breach. I am not suggesting that there was any real authority for the new breach.

*By the Chairman:*

Q. I have the wrong impression. Under the lease the Roberts got from the Exchequer Court litigation in 1909 they had a breach in the dyke which was included in the lease?—A. They were given authority to operate the gate. They were given control over the operation of the gate under that lease, and the lease recognized some claim on their part.

Q. They were gates that were put in by the government, were they?—A. I am not sure as to that.

Mr. MONTGOMERY: That lease is from the Department of Public Works, not Railways and Canals.

*By the Chairman:*

Q. And after the shutting off of the old feeder canal by the present operation, as I gathered from the evidence the other day, you made another breach through the dyke?—A. We did.

Q. And there was no application to get authority for that?—A. And now that is the point we are going to clear up. The company indicated on the first detailed plans filed in 1929 that the construction of these works contemplated building a new feeder and breaking through the dyke, but it was not until after the plans of 1930 had been put in, which showed the same condition, that as the result of a discussion which I had with Mr. Coutlee he suggested that because of the fact that the old opening was covered by a lease, it would probably be better for the company to make an application for a new lease covering the temporary use of the present one for dredging purposes, and the new one supplanting the old one.

Q. It was never adopted?—A. We made application.

Q. It was never approved?—A. It was never approved. That application was made on October 1, 1930.

*By Mr. White:*

Q. Not to the Department of Public Works but to the Department of Railways and Canals?—A. No, to the Department of Public Works.

Q. Why did you apply to the Department of Public Works for a lease for a property that was vested in the Department of Railways and Canals?

Mr. MONTGOMERY: The existing lease was with the Department of Public Works, and once they asked to have it transferred from the Roberts to the company, naturally they applied to the lessors.

Mr. WHITE: That was because at the time of the granting of the lease those particular matters were within the jurisdiction of the Department of Public Works and not the Department of Railways and Canals.

Mr. MONTGOMERY: I do not think so. I do not speak with certainty as to the departmental division of 1909, but I understand that the Department of Railways and Canals was in existence in 1909.

Mr. WHITE: But the jurisdiction was not the same as it was later, as I understand it.

Mr. MONTGOMERY: I think you will find that the jurisdiction was the same, and the question of drawing off water from the St. Lawrence was under the control of the Department of Public Works, and that lease is from the Department of Public Works in 1909. Consequently the application for the change was made to their lessor, the Department of Public Works.

Mr. MORIN: But if you make a change that takes in Dominion lands, then you have to apply to the Department of Railways and Canals.

Mr. MONTGOMERY: We have the application already for the ownership of the dyke, both the original application and the amended application are on file. They were referred to just before or after lunch—for the ownership of that section of the Hungry Bay Dyke to the Department of Railways and Canals.

Mr. GARDINER: That will not include the new feeder?

Mr. MONTGOMERY: No, that had nothing to do with the feeder at all; that was the application for the ownership of that section of the dyke. I am just answering Mr. Morin on that.

Mr. WHITE: If you got the dyke you would not need to apply to breach it.

Mr. MONTGOMERY: No. That is why this application is directed to the Department of Public Works.

WITNESS: I think I would correct Mr. White on that. I would suggest we would have to apply to breach it.

Mr. WHITE: If you owned it?

WITNESS: I would think that we would require the approval of the Department of Public Works to the breaching of the dyke. I would think so.

Mr. WHITE: I do not see why, if you own it.

The CHAIRMAN: I would be inclined to agree with Mr. Henry even if they owned the dyke. If that gave them the right to completely remove the dyke it would immediately have an effect upon navigation which should be reviewed and approved.

Mr. WHITE: I suppose that would be protected in any conveyance and the power granted to the Department of Railways and Canals.

Mr. MONTGOMERY: I am trying to get over the suggestion of the inference left in the evidence in chief that that thing was done without regard to anybody.

The CHAIRMAN: Mr. Henry does not deny that. Application was made, but it never was approved.

Mr. MONTGOMERY: We have that question of approval. It is common ground between us. The detailed plans were filed in July, 1929, and again in August, 1930.

The CHAIRMAN: I do not think it is a matter of any supreme importance, but I think we will have to take direct issue, and, of course, I think we can still remain coherent; but so far as the breaching of that dyke is concerned the company never got the approval. Did they, Mr. Henry?

Mr. MONTGOMERY: I was coming to that in connection with the plans generally, and this question of approval. I wish to draw attention to this fact that there had been an application made to the department.

Mr. GARDINER: When was the application made?

Mr. MONTGOMERY: October 1, 1930. Mr. Henry has explained that they were under the impression that their application had been covered by their original application—the plans of July, 1929, and August, 1930.

Mr. JACOBS: Are those part of the plans recommended by Mr. Cameron and never approved by the Minister?

Mr. MONTGOMERY: That is right. The application of October 1, 1930, which I have before me and which I am now offering in evidence, recites on its first page the old lease from the Department of Public Works to Robert, the



assignment from Robert to the Beauharnois Company which had been approved by the department, and it goes on to recite:—

Since the route of the new Beauharnois canal from Lake St. Francis now being constructed by this company under the authority of the Order in Council of 8th March, 1929 (P.C. 422), plans of which are before your department, will cut across the existing route of the St. Louis River feeder, it now becomes necessary with the permission of your department to replace the head-gates and a reach of the feeder by new head-gates and a new reach of the feeder brought to the south of the new Beauharnois Canal, in order that the existing water supply of the St. Louis River may be maintained in the future.

We submit herewith for your consideration our Document No. 61, dated 1st October, 1930, entitled "Plans of new head-gates and intake for the relocated St. Louis River feeder (or canal)," comprising the following plans.

It enumerates them and then goes on to say:—

As will be seen from the plans, the proposed new reach of the feeder from the proposed new head gates to its junction with the existing feeder runs wholly through our own property, as does the existing feeder.

In pursuance of the provisions of the above mentioned lease agreement, application is therefore hereby made for such governmental approvals regarding the plans and otherwise as may be necessary in the premises, for a renewal of the lease agreement for a second term of twenty-one years, and in view of the above recited assignment, for the issuance of the renewal in the name of Beauharnois Light, Heat and Power Company, the descriptions and recitals in the renewal lease to be adjusted to conform to the enclosed plans if approved as regards the new head gates so that they will replace the old in the renewal lease.

We understand in this connection that under the conditions of the present lease we shall be required eventually to remove the old head gates and fill in the portion of the dyke of which they form a part; but as we have to use water through these head gates and the existing reach of the feeder for dredging purposes in the construction of the new Beauharnois canal we wish to apply also for a temporary permission to continue this use subject to the supervision of your department so long as such construction purposes require it, not exceeding two years from this date. The flow thus required will be simply the equivalent of the suction capacity of our dredge.

We shall be glad to furnish any further information or descriptive matter which your department may require for the purpose of dealing with this application.

And then it encloses the rental—one dollar for the rental.

(Application for change of location of feeder filed, marked Exhibit 78.)

*By Mr. Montgomery:*

Q. From what date did you begin as general manager?—A. Approximately the 10th of March, 1930.

Q. And during the time that has intervened since that date, can you tell us what your contact has been with the Department of Public Works—whether they have been in full contact with the work?—A. Well, shortly after I joined the Beauharnois Company, I looked up the position of the plans that had been already filed, and came up to Ottawa myself to consult with Mr. Cameron and determined what his ideas were regarding the contact that we desired to have with the company.

*By the Chairman:*

Q. Whom did you consult with?—A. Mr. Cameron, the chief engineer. So that we could get an understanding in the first place as to just what he wanted us to do in the way of detailed plans, and further to find out what men, if any, in his organization he wanted to designate particularly.

Q. To take lessons on this matter?—A. To pass on the work. And I made an arrangement with him to have Mr. Stuart Scovil, who is here, as our Ottawa representative so that if he wanted to get any information from us, and if we wanted to explain anything we were trying to do to him, it would be done through Mr. Scovil.

*By Mr. Montgomery:*

Q. The work for the season of 1930 had not commenced, or was just commencing?—A. It was fairly well organized by then. I think perhaps I can tell you how many were at work at that time; but it chiefly consisted in assembling equipment and getting the track ready. It was 1930. The actual excavation had started in a small way in 1929.

Q. Has your engineering department and the Department of Public Works been in close contact ever since?—A. We have tried to keep in as close contact with them as possible.

Q. Have they a resident engineer on the ground?—A. Yes.

*By the Chairman:*

Q. Who is he?—A. Mr. Hand.

Q. I presume that from time to time he lends assistance to you?—A. He reports to the Department of Public Works what we are doing.

Mr. WHITE: You mean lends himself.

WITNESS: It is necessary in work of this kind that very close contact should be had between the various parties. For example, the Canadian National and the New York Central are interested in the construction of two bridges. We arranged with both these railways that they would delegate a man to co-operate with our engineers so that if any problem came up in which they were interested, they would be able to give a decision. The same is true with the road. The Department of Highways of Quebec have a resident engineer on the job, and we do not do anything without consulting him.

*By the Chairman:*

Q. Mr. Henry, I gathered from someone's evidence—I cannot tell whose at the moment—that there were six or seven months of operation when you had no resident engineer on behalf of the government?—A. Well, that is true. Those operations will cover the period from sometime in 1929 until the spring of 1930. There is nobody on the job?—A. That is quite right.

*By Mr. Stewart:*

Q. Was there somebody there when Mr. McLachlan visited the works on August 3, 1930?—A. That I am not able to say definitely. I do not know. There may not have been a resident engineer on the job, but the engineers of the Department of Public Works have been there at numerous times inspecting the actual construction. Whether they had placed a resident on the works or not, I do not recall.

*By Hon. Mr. Mackenzie:*

Q. Surely the Department of Public Works could tell us that?—A. I think they could. We did not keep a file on it.

*By Mr. Montgomery:*

Q. Something may be said as to the construction of section 11 of the conditions attached to Order in Council 422 which, naturally, nothing you can

say will vary. I would like to know in practice whether it would be possible in construction work of this kind to submit and have approved all the detailed plans before the work is commenced?—A. It would be entirely impracticable.

Q. Why?—A. Because a large part of the operations involved in a construction of this kind necessitate sufficient preliminary work being done in advance to know the kind of a structure that you have got to construct; and, therefore, until that work is done nobody would think of approving of the detailed plans. It could not be done.

*By the Chairman:*

Q. In practice, the detailed plans, probably in more cases than otherwise, would be approved after the work is practically finished?—A. Sometimes they ask that a change be made here and there, and finally the completed work is approved as done.

Q. So it comes down to the consideration of what is a detail and what is not?—A. Yes, it does.

Mr. WHITE: I wonder if Mr. Montgomery would mind by breaking in on him. I find it difficult to follow that because of the departmental regulations. The reason for my breaking in is because Mr. Montgomery might want to give some information in regard to it. There is a letter dated June 26, 1928, and filed as part of Exhibit 17, at page 132, 804-1B written by Mr. O'Brien the Secretary to Ainslie W. Greene as follows:—

On January 18, 1929, you transmitted to the Deputy Minister of Public Works various documents on behalf of the Beauharnois Light, Heat & Power Company, in connection with certain power development from a point on Lake St. Francis near the mouth of the existing canal or feeder through the County of Beauharnois to Lake St. Louis.

In a memorandum dated January 28, 1928, transmitted with the letter in question, it is mentioned in paragraph 5, page 2, that

5. The Company now asks for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

Now, in Schedule "A" dated March 17, 1927, attached to the memorandum of January 17, 1928, it is stated in the first paragraph, page 3.

The undersigned therefore respectfully requests that this application be given early consideration and that your applicant be informed what plans and other information and date will be required.

Our file indicates that Mr. Frederick Brown and Mr. Allan Jones, on behalf of the company, met the Board of Engineers of this department on February 23rd, and that they were informed of the requirements.

It is now found that the Beauharnois Light, Heat and Power Company is publishing a notice in the *Canada Gazette* and likely local newspapers to the effect that the plans of the power development in question have been deposited with the Registrar of Deeds for the County of Beauharnois and with the Minister of Public Works at Ottawa, pursuant to the provisions of section 7 of the Navigable Waters Protection Act, chapter 140, R.C.S., 1927.



I may say in this connection that we do not appear to have received the necessary material required under the Act to enable the department to deal with the application.

I send you herewith a copy of a memorandum prepared by this Department setting forth in detail the requirements of such Act.

It will therefore be in order for the company to submit the necessary plans, descriptions of the site, evidence of deposit thereof in the Registry Office, as mentioned in the memorandum, and proof of the interest of the company in the land required for the works.

On completion of the advertising, it will also be necessary to supply proof of the publication thereof in accordance with the directions prescribed in section 3 of the memorandum.

I am bringing this matter to your attention on the assumption that you are acting for the above company at Ottawa, in view of your communication of January 18, 1928, above mentioned.

And amongst the regulations I find this memorandum in reference to applications for the approval by the Governor General in Council under the provisions of chapter 140, revised statutes of Canada, 1927, of the sites and plans of works in navigable waters.

"Work includes," and so on.

Under the statute and practice of the Department the procedure is as follows:—

1. To deposit a written description of the site, if possible by metes and bounds, and also a plan or plans of the proposed work, with the Minister of Public Works, accompanied by an application for their approval by the Governor General in Council. The plan or plans must be sufficient to indicate clearly the nature and extent of the work, and also the site of the same.

Mr. MONTGOMERY: Those are filed.

Mr. WHITE:

Duplicate of the above mentioned description of the site, and so on.

3. One month's notice in the form set out at the conclusion hereof of the deposit of the description of the site and of the plan or plans with the Minister of Public Works and with the Registrar of Deeds must be given by advertisement in the *Canada Gazette* and in two newspapers published in or near the locality where the work is to be constructed.

Evidence of the publication of the advertisement in the *Canada Gazette* and in the two local newspapers must be furnished to the department, and may be by Statutory Declaration, with copies of the advertisement in the *Canada Gazette* and in each newspaper attached as exhibits. The declaration must state that the two newspapers containing the advertisement are published in or near the locality where the work is to be constructed, and must mention the dates of the issues of the newspapers that contained the advertisement. Four insertions of the advertisements at weekly intervals will be accepted as satisfactory compliance with the provisions of the statute in this regard.

4. The applicants must furnish proof that they own or have a sufficient interest in the land and land covered with water upon which the works are to be constructed. It is not sufficient to hold the riparian interests alone if the work extends beyond the limits of the shore, but a sufficient portion of the harbour, river or lake bed must also be held by the applicants. The statute has reference to the erection of structure on lands owned by the applicants or which they have the right to use

and is designed to provide for due protection to navigation. It cannot be used as a means of acquiring title to lands upon which the structure is to be erected.

Applicants will note that when it is necessary in connection with the proposed work for them to acquire land (including land covered with water) belonging to the Dominion of Canada, a separate application for such land must be made.

This is the paragraph to which I wish to call particular attention:—

It is to be noted that it will be too late to apply for approval of the plans and site after the work is built, and works must not be commenced before the plans have been duly approved.

The Statute gives no power to approve of works already constructed or in process of construction, except in the case of works constructed or in process of construction on the first day of June, 1918.

Mr. MONTGOMERY: That all applies to the plans which are filed. Everything was duly complied with, and their plans approved.

Mr. WHITE: I do not agree with my learned friend. I am bringing the matter to his attention now in order that he may ask the witness any of these questions if he so desires.

Mr. MONTGOMERY: I would not think it necessary to ask him any questions.

The CHAIRMAN: Is it your view, after hearing these regulations, that the company has complied?

Mr. MONTGOMERY: Yes, they complied fully. Those were all complied with. This eleven that we have had under discussion is attached to the approval pursuant to all the regulations having been complied with. In other words, it is an approval of the detailed plans. But the regulation referred to is the plan sufficient to show the general scheme, the site and so on. The plans that are referred to in this regulation are described in paragraph "C". That is the plan or plans must be sufficient to indicate the nature and extent of the work, and also the site of same. This memorandum refers to applications, and it is to be noted that it will be too late to apply for approval of plans after the work. Now, these are the plans referred to, and you can not make your application for the approval of the plans under the Navigable Waters Protection Act, after you have done your work.

Mr. WHITE: Or before you have approval of your plans.

Mr. MONTGOMERY: We have approval of the plans.

We do not need to argue that. I think I understand your contention and you understand mine. Our plans were approved. Condition 11 speaks for itself. That has nothing to do with these regulations, which were all duly complied with.

Mr. MORIN: You have no approval for the plans of the intake of the canal—for the changing of the intake of the canal.

Mr. LENNOX: What was the first section?

Mr. MONTGOMERY: The procedure under the practice of the department is as follows:—

To deposit a written description of the site, if possible by metes and bounds, and also a plan or plans of the proposed work with the Minister of Public Works, accompanied by an application for their approval by the Governor General in Council. The plan or plans must be sufficient to indicate clearly the nature and extent of the work, and also the site of the same.

Mr. JACOBS: Was that done?

Mr. MONTGOMERY: That was done and those plans were approved. What we are talking about—what was suggested was not done refers to the detailed plans referred to in section 11 of the Conditions.

Mr. WHITE: Of course, I am not going to let my learned friend go unchallenged, but I do not want to get into an argument with him so long as it is understood that I am not agreeing with him.

Mr. LENNOX: How do you reconcile clause 6 with the one you have read?

Mr. MONTGOMERY: Clause 6 refers to the plans described in 1. There are the plans sufficient to indicate thoroughly the nature of the work and so on.

Mr. JACOBS: Does Mr. O'Brien in his letter agree with your contention?

Mr. MONTGOMERY: I have just heard my friend reading it. Mr. O'Brien's letter, as I take it, was prior to the time when we had filed our application with the plans which were approved.

Mr. JACOBS: And since that letter was received, these plans—

Mr. MONTGOMERY: Absolutely.

Mr. FORSYTHE: Mr. Griffith pointed out that there was a start made, and after Mr. O'Brien's letter, it was necessary to start again, and to file the plans in a different way.

Mr. WHITE: They have never been approved. The Order in Council expressly states that it does not approve of them.

Mr. MONTGOMERY: Oh, no, Mr. White.

The CHAIRMAN: Is not the difficulty, Mr. Montgomery, that the person who drew up these regulations did not have in contemplation any such work as this. The regulations as drawn were unworkable so far as this work is concerned?

WITNESS: Absolutely.

Mr. MONTGOMERY: These regulations are all right; it is condition 11 that is unworkable. The regulations are perfectly all right. All that requires is the filing of plans.

WITNESS: May I modify that statement, Mr. Chairman, to this extent, that it would be necessary to obtain the approval piecemeal of every little thing under section 11.

The CHAIRMAN: Then the regulations are not as clear as they might be.

Mr. LENNOX: Do you suggest that the plans as filed originally come within section 6?

Mr. MONTGOMERY: Absolutely. It is plain. You turn back to 1 to find out the plans they are talking about. The letter was written before these plans had been filed.

Mr. JACOBS: You sent subsequent plans to the department. Is there any acknowledgment of them from the department?

Mr. MONTGOMERY: Well—

Mr. JACOBS: There has been no approval by the minister.

Mr. MONTGOMERY: They were approved by 422.

Hon. Mr. MACKENZIE: Section 22 of 422. My question is this. Admitting for the moment that your contention is correct, how can you justify the change of the intake as being a matter of detail—3,000 feet?

Mr. MONTGOMERY: That will be, of course, a matter of opinion as to whether that is a detail. It was so treated as a matter of detail, and it was shown on the July 1929 plans as a detail.



The CHAIRMAN: If we disagree as to whether that is a detail, I trust you will not charge me with lacking in breadth of view.

Mr. MONTGOMERY: I do not know, because after all, in a work of this size, as to whether that St. Louis feeder, which is clearly cut by the canal—something has to be done with regard to the flow of the water in the St. Louis River for the benefit of the people on the river—obviously it is a matter of detail as to how that was to be taken care of.

The CHAIRMAN: I think you are right in that respect; but it is unfortunate that before the breach was made in the dyke approval was not granted.

Mr. MONTGOMERY: That may be, but that had been up for approval ever since July, 1929.

The CHAIRMAN: And in the absence of getting approval, and under necessity, the breach was made?

Mr. MONTGOMERY: Yes. What I suggest is that that falls into that general question: what procedure had been adopted in practice as between the department and the company as distinguished from the interpretation which is sought to be placed upon section 11.

The CHAIRMAN: Who drew up section 11 and these other sections?

Mr. MONTGOMERY: I think it was taken from Mr. McLachlan's draft report.

The CHAIRMAN: And everyone agreed with it?

Mr. MONTGOMERY: Apparently it went through without much consideration.

*By Mr. White:*

Q. As a matter of fact, Mr. Henry, was the intake of the feeder changed before or after the application that had been filed?—A. Before or after this application of October, 1930?

Q. Whichever one it is?—A. The one we have just filed?

Q. Yes?—A. I would have to check that up; but I am inclined to think that it was before.

*By Mr. Montgomery:*

Q. Will you tell us whether there existed any necessity for the change in that intake in the course of the work?—A. The chief necessity arose because of the fact that we were using the water of the old feeder for dredging purposes, and the discharge coloured the water, filled it with silt and so on, and it was necessary to get a supply of clear water.

*By the Chairman:*

Q. You are still using the water from the old feeder?—A. Yes. We are still using it.

Q. At the capacity?—A. No, it is just a trickle to supply the evaporation.

Q. Just where on the plan did you reach the dyke?—A. Right at this point (indicating).

Q. You bring it in a pipe down to the hydraulic dredge?—A. Oh, no; the water for the dredge comes from the old feeder—comes down where the dredge is now working. The water from the new feeder comes down this line joining the old feeder at that point, two and a half miles from Lake St. Francis, and then follows the old feeder channel down to the St. Louis River, a distance of another mile and a half.

*By Mr. Montgomery:*

Q. The old feeder is actually cut by the canal?—A. Yes.

*By the Chairman:*

Q. The water you bring through the dyke from the south bank; what is the reason for that?—A. It is for the operation of the hydraulic dredge. Well, first of all there is a large plant down here, and they had the use of 300 cubic feet per second, I believe.

Q. They formerly got that by the old feeder?—A. Yes. I might explain that the reason for constructing the feeder in the first place was that the drainage there, consisting of approximately 60,000 acres was not sufficient to give a uniform flow, and the flow was so discoloured, so this feeder was to give a uniform flow. The new one had to be built not only to maintain the flow, but also to maintain the flow for the farms along the bank of the St. Louis River.

Q. When your canal north bank cut that old feeder, you had to breach that dyke or you would have had trouble?—A. Yes; had trouble with everybody.

Mr. WHITE: I think this involves a new application for 300 more cubic second feet.

*By Mr. Montgomery:*

Q. I do not know whether you had completed all you had to say in reference to the practicability of section 11 as interpreted by my friend Mr. White?—A. Well, I do not know that I remember just how he interpreted it, but unless—

The CHAIRMAN: Perhaps I had better read it, Mr. Montgomery. "The company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year."

Mr. MONTGOMERY: You have our argument, as we made it?

The CHAIRMAN: Yes.

Mr. MONTGOMERY: About works, as to what they were, based upon this clause, and it will not be necessary for me to repeat it now.

Mr. WHITE: We hope not.

Mr. MONTGOMERY: I think I am correct in my explanation to you sir, as to the origin of that section 11, where it came from. I am practically certain that that was one of the conditions which were suggested to Mr. McLachlan's draft report.

The CHAIRMAN: On that everyone agreed, or did they?

*By Mr. Montgomery:*

Q. What would you say about that from a practical point of view?—A. From a practical point of view, unless it were considered desirable to have each of the small details approved individually, I would think it was an absolutely impracticable clause.

Q. In works of this magnitude, can you possibly carry out the details that were planned before the work was constructed?—A. We would be very foolish, if we did that, because it is really from experience that you see what you have to do.

Q. I suppose there have been numerous changes?—A. Numerous changes, and there will be.

Q. And there will be?—A. Yes.

Q. And those changes, discussed, between your company and the Department of Public Works?—A. When we arrive at a position when a change seems desirable, I consult with Mr. Scovil, and he takes the matter up with the Department of Public Works, so they will be advised as to what our views are.

*By the Chairman:*

Q. Mr. Scovil or Mr. Cannon would not have the authority to approve?—

A. No, they would not.

Mr. MONTGOMERY: To recommend, that is all?—A. I think their discussions are to try and meet the views of the authorities as far as it is possible to meet them. That is the idea behind it, just the same as we have to meet the ideas of the Highways Department of Quebec, and the railways.

*By Mr. Montgomery:*

Q. Are changes suggested by the Department of Public Works?—A. They have been, yes, from time to time, yes.

Q. Now, there is some question as to the possibility of control of the amount of water which you would draw through your power house. Before giving an answer to that, I should like to draw your attention, and the attention of the committee to the emphyteutic lease from Quebec, from which it is claimed we got the right to divert the water. It is in as an exhibit.

Mr. WHITE: I do not think it is in as a separate exhibit.

Mr. MONTGOMERY: It is in one of the departmental files.

Hon. Mr. MACKENZIE: Read into the record.

Mr. MONTGOMERY: Then, I might read the clause.

Annual Statements, Inspection:

14. The Lessee shall submit to the department, a yearly statement of its operations, showing the amount of power produced and how it has been utilized, the whole certified under oath by a qualified officer.

If need be, any person appointed by the Minister of Lands and Forests may have access to the books and registers of the lessee for auditing purposes; similarly, the engineers authorized by the Minister may verify the measurements, visit the ground, and make all calculations that may be necessary in order to ascertain whether the conditions had been duly fulfilled.

The reports of such officers shall be final.

Then, clause 15, of the order in council deals with the same subject matter.

Q. Now, in practice, Mr. Henry, does this question of taking the flow of water that the company uses present itself?—A. Oh, entirely, under P.C. 422.

There is a condition, condition No. 15 which says,

The Minister, or his duly authorized representative, shall have full and free access at any and all times to the works of the company and shall have free control of the operation of the compensating or regulating sluices wherever situated, shall have the right to measure the discharge of the various channels and passages, and to adjust the flow of water in the interests of navigation. The company shall take and keep such records of the flow of the St. Lawrence river, or the waters thereof, as the Minister or his representative shall deem necessary, and shall calibrate or cause to be calibrated to the satisfaction of the minister, such turbines, penstocks, sluices or other water passages as the Minister may require, and shall furnish at such times and in such manner and in such form and based on rating satisfactory to the Minister, certified copies of its records of flow and its records of operation.

Now, so far as the company is concerned, I might say that the power house—I will read this so that we will get it correct.

The power house, when completed, in accordance with section 15, p.c. 422, will be equipped with electrical appliances which will register at any instant the power output in kilowatts for the plant as a whole and for each individual unit.



This output will be related through calibration by the Gibson Test (a recognized method of calibration) to the flow of water through the water wheels and the result will be that the quantity of water being used can be determined at any instant by merely reading the power output. In other words, when a duly authorized inspector desires to examine the quantity of water used all that is necessary for him to do is to examine the power output and he will know from that observation the corresponding flow of water through the power house.

The Gibson method of testing the output is an adaptation of the ordinary system of metering by using the water wheel as the meter.

Now, I might say that this method is the same method that has been adopted at Niagara, and if I might just read from a copy of a report which I obtained from Mr. Scovil, which is dated the 15th June, 1925. This report is the report of the Niagara Control Board, and I should like to read clause 4.

The Board adopted a method of determining the amount of water diverted by the several power companies on the Canadian and American shores of the Niagara River at Niagara Falls, and directed that hourly records be kept of the diversions by these companies. The method of measurement adopted determined at hourly intervals the power output of the various plans by watt meter readings, and by computation therefrom the amount of water used by the various hydro electric units is obtained by means of curves showing the relation between water consumption and power output for the different units, as determined by efficiency tests.

5. The efficiency tests were made under the direction and in the presence of the Board or its representatives. They consisted of measuring the amount of water used and the amount of electrical energy delivered by a unit at various gate openings. The electrical measurements were made by carefully calibrated electrical instruments of standard type. The measurements of water consumption were made by the Gibson method. This is a fairly recent development in hydraulic art, by which the amount of water flowing in a penstock is computed from a pressure time diagram showing the changes in penstock pressure caused by a closure of the turbine gates.

*By Mr. White:*

Q. Do you get that in an open ditch?—A. I beg your pardon?

Q. Do you get that same pressure measurement in an open ditch?—A. They close it for tests, tested by a surge effect.

The Board investigated this method very carefully and secured such convincing evidence of its accuracy and convenience that it was adopted as a standard method for use throughout the operations of the Board (for a detailed description of this method see Trans. Am. soc. M.E. Vol. 45-1923). These measurements were made on each type of unit in each power house, and, where more than one unit of the same type and capacity was installed at least one unit from each five or less identical units in a plant was tested.

*By the Chairman:*

Q. How do you control that flow at the head turbine?—A. How is it controlled? On the surge—

Q. You regulate the gate opening to allow it to go through the turbine.

Mr. WHITE: There is a valve there.

The WITNESS: It is a stoney valve.

*By Mr. Montgomery:*

Q. Now, with regard to the 80,000 second feet that you refer to as being the capacity of the projected power house, one-third of 240 of the three units of 80,000 each, can you tell us as a matter of fact, what the projected capacity of this power house is, how many openings there are and so on?—A. The present power house is being utilized, is being constructed to accommodate a flow of 53,000 c.f.s. a second, and to conform with the contract requirements which the company has. That is to say, an installation of 500,000 covered h.p. with certain spares. These spares are two in number; therefore there will be 12 units, 10 required in the regular operation and two spares.

*By Mr. White:*

Q. Twelve of fifty?—A. I beg your pardon?

Q. Twelve of fifty?—A. Twelve of fifty.

The CHAIRMAN: Mr. Montgomery, do you expect to examine Mr. Henry at much further length, because we are thinking of adjourning until Monday at two o'clock, and we will have two sessions. Monday afternoon and Monday night, and then we will continue right on till the end with morning, afternoon and night sessions.

Mr. STEWART: Hear, hear.

Hon. Mr. MACKENZIE: That is talking.

Committee adjourned at 5.30, to resume Monday, July 13th, at 2 p.m.

HOUSE OF COMMONS, ROOM 231,

MONDAY, July 13, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2 o'clock, Hon. W. A. Gordon, presiding.

**Appearances:**

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.  
I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: I think, Mr. Chairman, Mr. Henry was to give us some figures this afternoon.

R. A. C. HENRY, recalled.

*By Mr. White:*

Q. You gave us an estimate, Mr. Henry, of the cost of completing the work—that is, that the cost of the completed work to develop and deliver 500,000 h.p. would be about \$76,000,000?—A. Including discount on bonds at ninety.

Q. Yes?—A. Yes.

Q. That is, that when the work is completed there will be, according to your estimate, an outstanding bonded indebtedness of \$76,000,000?—A. That is correct.

Q. For completion of the work up to that point?—A. That is right.

Q. That will be 80,000 cubic second feet?—A. No, no; 53,000.

Q. And with work capable of taking 80,000 cubic feet?—A. No.

Q. With a h.p. capable of utilizing 80,000 cubic second feet?—A. That should be corrected to 72,000.

Q. Wherein does the correction come?—A. The correction comes in that that there will be 12 units having a capacity of 6,000 cubic feet each, two of which will be spares, and are required to fulfill the condition of the contracts.

*By Mr. Lennox:*

Q. What will be the cost per h.p. based upon that?—A. The cost per h.p.? Approximately \$130,000,000 I should say.

*By Mr. White:*

Q. Is that regarded as high?—A. That is an average price. It is about midway between a low and high; it is a medium figure.

Q. Do you know what the cost per h.p. was of the development on the Niagara River—The Chippawa development?—A. I do not recall that; no.



Q. Then the 30,000,000 at 6 per cent would be an annual charge of \$1,500,000 a year?—A. Yes.

Q. The \$46,000,000 at 5½ per cent would be an annual charge of \$4,330,000?—A. \$2,530,000.

Q. Oh, yes; the two together would be \$4,330,000 per year?—A. Yes.

Q. That would be your fixed charges?—A. Yes.

Q. Now, you were to give me some figures as to the annual cost of operation and maintenance including depreciation and obsolescence?—A. This estimate is entitled "Estimate of Operating expenses of the Company at the end of the first year following the complete development and the sale of 500,000 commercial H.P.:—

Labour and supplies (operation and maintenance)\$	275,000
Administration.. . . . .	175,000
Insurance.. . . . .	100,000
Rentals.. . . . .	483,430
Depreciation.. . . . .	375,000
Taxes.. . . . .	50,000
Interest on \$30,000,000 6 per cent Collateral Trust Bonds.. . . . .	1,800,000
Interest on \$46,000,000 5½ per cent First Mortgage Bonds.. . . . .	2,530,000
	<hr/>
	\$ 5,788,430

Q. At what rates is your depreciation?—A. Well that has some relation to the earning power. It is not based upon physical assets really, because at that stage of the development it is not assumed that the physical assets will have depreciated very much.

Q. It is good accountancy, is it not, in an enterprise of this kind to estimate the useful life of the plant, and to set up depreciation equal to an amount which will amortize it over the period of its useful life?—A. Nobody could tell what the useful life is.

Q. It is an estimated useful life. There always is a theoretical useful life in these things, is there not?—A. There always is, but it seldom turns out in practice.

Q. Recognized systems of accountancy do set up a period of useful life for a plant such as this, do they not?—A. Yes.

Q. And you say you have disregarded that and have figured it rather on the percentage of earnings?—A. I should say a little later on in the development of the company it might be desirable to set up a depreciation anywhere from 5 to 10 per cent of gross earnings, rather than based upon the physical assets.

Q. What you have set up for this particular year is— —A. 5 per cent, I think.

Q. More than that?—A. I am talking about earnings.

Q. Those earnings being what?—A. The earnings would be approximately—the earnings on the two contracts would be \$5,947,000.

Q. Yes?—A. And outside of that one million and a half estimated.

Q. That is for the extra 100,000 h.p. is it?—A. That is correct.

Q. That is a gross estimated earning of \$7,447,000 per annum?—A. According to your figures.

Q. And meets your bond issue and cost of labour and supplies—at least operating and maintenance charges, rentals, depreciation and taxes?—A. Yes; insurance as well.

*By the Chairman:*

Q. Does that harmonize with the statement in Mr. Sweezy's letter to the public as to earnings?—A. I did not check that up.

*By Mr. White:*

Q. You put a figure in here of \$50,000 for taxes. Does that include income tax?—A. No, that includes taxes that are payable to municipalities and such like.

Q. Why not an estimated amount for income tax?—A. Well, perhaps there should be an estimated amount for income tax in there that I overlooked.

Q. It will be quite a serious item, would it not?—A. It might be.

Q. And then, is the company not obliged to set up a sinking fund each year?—A. Well, I assume that this depreciation reserve would take care of that.

Q. Well, does it? How much is the sinking fund that will have to be set up for \$76,000,000?—A. Well, no provision has yet been made, at least in the initial stages. No provision is necessary in the initial stages. And it is not necessary, as a matter of fact, to provide two things.

Q. Quite so. I agree. That is, if you have enough depreciation you can take care of your sinking fund. Here the sinking fund can be taken care of in that way, but your idea is that the \$375,000 takes care of that?—A. Yes.

Q. So that your surplus apparently available according to these figures, and leaving out the item which I mentioned a moment ago of income tax, will be \$1,658,570, I figure it?—A. That is approximately correct.

Q. \$375,000 available for dividends?—A. Well, it would not be wise to declare that amount of dividend; it is available for reserves.

Q. Available for reserve or dividend as the case may be?—A. Yes.

Q. According to the declaration of directors, who would be, as we know, elected by the financial interests?—A. Quite.

Q. Mr. Henry, the figures you are now giving us are the total earnings of the project presently in sight?—A. Yes.

Q. And those earnings will be resorted to to retire the whole \$76,000,000 of bonds?—A. They will be available for that purpose, yes.

Q. And will be devoted toward that end and other things.

MR. WHITE: Hardly that, Mr. Chairman. In the figures which Mr. Henry gave us there is an item of \$375,000 for depreciation, and asked about that. Mr. Henry says that in his view it is not necessary to put in twice an item for depreciation where you have a sinking fund which pays off the bonds during a certain period; and the converse—

THE CHAIRMAN: The sinking fund having already taken care of it. Is that the idea?

MR. WHITE: That is the supposition. Personally, of course, I might not agree with that, but I will bow to superior wisdom.

*By Mr. White:*

Q. It seems to me that in a plant of this kind you must take care of your sinking fund and of the fact that at the end of a certain period of years you have either an obsolete or a much depreciated plant?—A. Well, if I might answer that, that is perhaps in the Chairman's mind. Prudent operation would demand that perhaps only half this \$1,600,000 be dealt with in the dividend fashion, and the balance of it be put by in the form of a reserve against various things that may occur.

*By Sir Eugène Fiset:*

Q. Your depreciation fund at present represents 5 per cent, and you told us that it might be increased to 10 per cent?—A. Well, later on you might decide to do that. It is quite certain that the depreciation at the beginning is not as great as it is towards the end, because everything is new.

*By Mr. White:*

Q. But theoretically you begin to take care of it so that it will be equally spread over the depreciation period?—A. I would not subscribe in whole to that.

Q. That is what the good accountants tell us?—A. I have had a good many arguments on that point.

*By the Chairman:*

Q. Then, Mr. Henry, how do you reconcile the figures you have presently given us with the statement in the Newman, Sweezey prospectus on the sale of the \$30,000,000 where it says under the heading "Earnings":—

It is estimated by the engineers of Beauharnois Light, Heat and Power Company that upon the sale and delivery of the 500,000 horse power now being installed, the consolidated annual earnings of Beauharnois Power Corporation, Limited, and its subsidiary companies (after providing for all operating expenses) available for interest and sinking fund on the first mortgage bonds of Beauharnois Light, Heat and Power Company and on these collateral trust bonds will amount to over \$6,200,000.

It is estimated that annual interest and sinking fund requirements on the securities of Beauharnois Light, Heat and Power Company expected to be issued in connection with completion of the 500,000 horse power, now being installed, will be \$2,750,000.

Balance available for annual interest and sinking fund on these collateral trust bonds, \$3,450,000.

Annual interest and sinking fund requirements on these collateral trust bonds, \$1,950,000.

A. According to that statement there is interest amount to \$1,800,000, plus \$150,000 for sinking fund, making \$1,950,000. That deals with the last amount. Now, they estimate—those expenses which do not fall into the category of sinking fund total according to the estimate I have just put in, \$1,083,000. If you subtract that from \$7,447,000 you will get \$6,364,000 to check with this figure of \$6,200,000 which is set out as the amount available out of consolidated earnings after providing full operating expenses, and available for interest and sinking fund. Now, if you include also \$375,000 which I have put in here for depreciation, you will have approximately \$6,000,000 for the same purpose.

Q. Reading this letter from Newman, Sweezey that I have before me, I would take it to mean that out of the total consolidated earnings, \$2,750,000 would be all that would be required for bonds of the Beauharnois Light, Heat and Power Company, not then, but to be issued?—A. Yes, I think that is correct. Now, the actual figure, according to my estimate is \$2,530,000—the corresponding figure to the \$2,750,000, according to my figure.

Q. Based on a bond issue of what?—A. \$46,000,000. I think they were estimating on fifty.

Q. Based on \$46,000,000?—A. \$46,000,000 first mortgage bonds, to which would have to be added the \$30,000,000 of collateral trust bonds which is dealt with in the last line.



Q. Then, on the assumption that \$46,000,000 of the old Beauharnois Company is all that is necessary to complete the project, the \$2,750,000 set out in the Newman, Sweezy letter is ample to provide for sinking fund retirement? A. I think so.

Q. And you have no quarrel with the statement that the balance \$3,450,000 of annual earnings would be available as security to the first \$30,000,000 issue? —A. I had not checked it up, but it seems to work out that way. I have no quarrel with that figure; no.

*By Mr. White:*

Q. Just there, Mr. Henry, does not the letter of Mr. Sweezy, from which the Chairman is quoting, include an item in each instance for sinking fund which you have not included?—A. Yes, that is correct.

Q. Do you know how much was included first in respect of \$30,000,000 of bonds, as for sinking fund, so as to leave the figure of \$6,200,000?—A. Well, the figure \$6,200,000, I take it from the phraseology, includes no sinking fund whatever.

Q. It says it does?—A. It says:

after providing for all operating expenses.

No, I do not think it reads that way.

It is estimated by the engineers of the Beauharnois Light, heat and Power Company that upon the sale and delivery of the 500,000 horse power now being installed, the consolidated annual earnings, of Beauharnois Power Corporation Limited and its subsidiary companies, after providing for all operating expenses—

Now, the earnings available for interest and sinking fund—

Q. Let us get this according to the way you have figured it out. You figure that that figure less the \$1,800,000 and \$2,530,000 is how much?—A. \$6,000,000.

Q. You get \$5,788,430, do you not? No, \$7,447,000, your gross earnings? —A. \$7,447,000 gross earnings. If you take \$5,000,000, or \$4,330,000 out of that, you will get \$5,989,000.

Q. Instead of \$6,200,000?—A. Yes, instead of \$6,200,000; but if you add to that \$375,000 depreciation you will get \$6,364,000.

Q. That does not help us, as I see it. At any rate, putting it this way, your annual interest requirements, according to you, would be \$4,330,000?—A. \$4,330,000.

Q. And that is without any sinking fund?—A. That is without any sinking fund.

Q. That deducted from \$6,200,000 gives you what?—A. \$1,870,000.

Q. And that would be the figure, according to you, instead of the figure \$1,950,000?—A. \$1,950,000 includes \$150,000 for sinking fund.

Q. How do you make that out?—A. \$30,000,000, 6 per cent collateral trust bonds gives you \$1,800,000, and that figures \$1,950,000 which, obviously, includes \$150,000 for sinking fund.

Q. I thought you told me a while ago that it did not?—A. I did not make any such statement.

Q. Let us understand this?—A. It says "annual interest and sinking fund requirements."

Q. Looking at your figure of \$6,200,000—A. Oh, \$6,200,000 does not, according to my reading of this statement, include anything for sinking fund.

Q. You corrected me a moment ago about that?—A. I was talking about \$1,900,000. We were talking about two different things.

The CHAIRMAN: You say it includes nothing for interest and sinking fund.

Mr. WHITE: The \$6,200,000 on what Mr. Henry says, with a comparison of his figures of \$1,870,000, which is the \$6,200,000 less the amounts given by him for annual charges for operating, administration, taxes and so on, that that leaves a figure of \$1,870,000 whereas the figure here is \$1,950,000.

The WITNESS: Perhaps it would be better to make a comparative statement and then there would be no question about it.

Mr. WHITE: I will be very glad if you will do that.

*By Hon. Mr. Mackenzie:*

Q. Did you make this statement on page 3 of this letter, were you responsible for those figures?—A. No, I was not responsible for them.

Mr. WHITE: In connection with this estimate which Mr. Henry has furnished me with, if he is going to make another calculation, in view of Exhibit 71 it had better be filed as an exhibit, and included in the record. That will be Exhibit No. 79.

*By Mr. White:*

Q. At any rate, so far as Exhibit 79 is concerned, together with the supplementary statement made by you, which is that your gross earnings are estimated by you to be, when 500,000 horse power are available for delivery and sold, \$7,447,000?—A. Right.

Q. Which would show a profit, so to speak, of \$1,658,570?—A. Right.

Q. With \$375,000 allowed for either depreciation or sinking fund?—A. Yes, Sir.

Q. And no other provision being made in your calculation for sinking fund?—A. That is correct.

Q. And no provision being made for income tax?—A. Correct.

*By Mr. Lennox:*

Q. Do you know who Mr. Cockshutt is?—A. I do not.

Q. Do you know who P. S. Fisher is?—A. I do not.

Q. Do you know who Angus W. Hodgson is?—A. I believe he is a broker in Montreal.

Mr. WHITE: There was some question about Mr. Henry's contract, that I had asked about.

*By Mr. White:*

Q. Did you bring it, Mr. Henry?—A. My contract, Mr. White.

Q. Yes?—A. I was not asked for it, Mr. White.

Mr. WHITE: Have you a copy of it, Mr. Griffith.

Mr. CHRISTIE: Mr. Griffith has just stepped out of the room.

Mr. WHITE: Well, we can get it at any time.

Mr. MONTGOMERY: Perhaps Mr. Henry can explain to us the document at the bottom of the large aerial plan.

*By the Chairman:*

Q. What is this, Mr. Henry?—A. This is a diagram indicating a cross-section of the canal at station 104, which is approximately two miles from the Lake St. Francis end, and it is intended to indicate the cuts, that is, the manner in which the material will be excavated progressively to first of all provide for the 600-ft. channel, and then the 53,000 cu. ft. a second and, finally, the progressive cuts of material that would be necessary to make the complete excavation for the 2,000,000 h.p.

Q. Practically speaking, for the flow of the St. Lawrence?—A. For the flow of the river. The amount of material which would be involved in the first, that is, the development which we expect to have completed by October 1932, involves an excavation of approximately 15,000,000 yards. The width, in the first instance, is 150 ft. on the bottom and 300 ft. on the top, and the amount of material required for the complete development is about 220,000,000 cu. yards. That is on the assumption that all the flow would be diverted that way.

Now, this cross-section over here on the left indicates the north embankment. It is 600 ft. between the centre of the main dyke and the centre of the subsidiary. The elevation of the main dyke is 162, whereas the water level would vary from 150 to 154. The elevation of this small dyke, 600 ft. away, elevates 157. The width of the bottom required for a diversion of 53,000 cu. ft. a second is 757 feet on the bottom.

*By Mr. White:*

Q. This is the original of your contract, Mr. Henry?—A. That looks very much like it.

Q. Is that the best you can do for it?

Mr. MONTGOMERY: Perhaps we might file this diagram as an exhibit, Mr. Chairman.

The CHAIRMAN: That will be Exhibit No. 80. What is the width of the deep channel?

Mr. MONTGOMERY: It shows it varying widths.

The WITNESS: The width of the deep channel provided for—

*By Mr. White:*

Q. The 27-foot depth?—A. Is 600 feet.

Q. That is, 600 feet at the bottom?—A. Yes, at the bottom.

Mr. MONTGOMERY: And the purport of that exhibit is to show the amount of excavation that would have to be done on a flow of 53,000 cu. ft. down the river in order to pass that water.

*By Mr. White:*

Q. And the total development would produce how many horse power, do you say?—A. 2,000,000.

Q. 2,000,000 horse power?—A. Yes.

Q. And, of course, the subsequent cost will be very much less than the cost of the initial 500,000?—A. I would expect it to be.

Q. What do you estimate the cost of horse-power to be of the total 2,000,000 horse-power, that is, including the present development?—A. Well, that is a question which cannot be answered, because it involves the acquisition of rights and plant of the Montreal Heat & Power Co., and also the Canadian Light & Power.

Q. Well, has no estimate been made?—A. No estimate has been made for those two items.

Q. Has any estimate been made of a development which will take the whole flow of the river exclusive of them?—A. Oh, yes, an estimate has been made of the amount involved.

Q. And how much horse-power will that produce?—A. That would produce—oh, I will probably have to correct myself there. I was taking "exclusive" to mean with their water but not providing for payment to them for their plant.

Q. I mean excluding all the water they would have the right to use supposing you are allowed to develop the rest of the river?—A. That would be approximately \$1,200,000.



Q. And has there been an estimate of the cost of developing the works to produce that amount?—A. There has.

Q. And what would that cost be according to the estimate?—A. According to the estimate that would cost approximately \$120,000,000.

Q. Or \$100 a horse-power?—A. \$100 a horse-power.

*By the Chairman:*

Q. That is over and above the \$76,000,000?—A. No, that is included.

*By Mr. White:*

Q. 1,200,000 horse-power for \$120,000,000?—A. That I might say is the construction cost and it does not include discount on securities, that is the \$120,000,000.

Q. So that I am taking it that way for the present anyway, if it was sold at \$15 a horse-power it would produce what revenue?—A. That would produce \$18,000,000.

Q. \$18,000,000. And the annual interest charge, we have the \$30,000,000 that is \$1,800,000, and that would be \$90,000,000 more at 5½, you put it?—A. It would be more than \$90,000,000.

Q. Well, put it \$95,000,000?—A. Let me see, that would be approximately \$102,000,000 additional.

Q. \$102,000,000, how do you figure that out?—A. Well, I am assuming the discount on the same basis as I did before, and you have to raise \$120,000,000. You require \$132,000,000 to do it. \$132,000,000 less \$30,000,000 is \$102,000,000. \$102,000,000 at 5½ is \$5,610,000. \$7,411,000.

Q. And, of course, your annual charges for operating would not increase proportionately, would they?—A. As far as the power-house is concerned that would be directly proportionate.

Q. But your administration expenses would not be quite as high?—A. Would not be quite as high.

Q. So that taking it in the same proportion as the figures you gave me, what annual net return would that be available for interest and sinking fund?—A. You would like that depreciation deducted, wouldn't You? The interest, plus operating expenses without any allowance for depreciation and sinking fund, would under those conditions approximate \$10,000,000 annually.

Q. On a capital investment of \$120,000,000?—A. A capital investment of \$120,000,000.

*By the Chairman:*

Q. That is only on the assumption that all your horse-power were sold at that price, approximately \$8,000,000 for betterments, dividends and so on?—A. For sinking fund or depreciation reserve, of dividends.

*By Mr. White:*

Q. What was the figure. I did not get it?—A. \$10,000,000 in round figures.

Q. That is, for 1,200,000 and, of course, if you can get rid of the other interests at a reasonable figure that would go up again?—A. Well, that does not take into account anything for them at all.

Q. No, of course not?—A. Nor does it take into account using their water.

Q. No. Then before we leave that, Mr. Henry, I have here Exhibit No. 2A. Look at the cross section at mileage 144.3 and the cross section at mileage 152. Would you scale those for me. What I want you to scale is the width at the bottom of the 27-foot channel?—A. At the right-hand side this excavation marked "bottom elevation 125.78" is 500 feet wide at the bottom.

Q. Yes, and the one in the figure above that?—A. The one in the figure above that is 1,100 feet wide.

Q. What is the idea, do you know?—A. That is at 144. I do not know what the idea is.

Mr. STEWART: One is in the rock part of the route and the other is in the soil part of the route, evidently; it says there.

The WITNESS: This is at mile 144.3, looking up-stream, typical for rock section.

*By Mr. White:*

Q. What strikes me as peculiar, Mr. Henry is—and I thought perhaps you might want to explain it—that this cross section on the plan filed with the Order in Council shows the bottom of the 27-foot section in one place at 500 feet and the other at approximately 1,100 feet, whereas I understood it to be 600 feet.

Mr. MONTGOMERY: The 600 feet was added at the suggestion of the committee of engineers to meet the condition of the Order in Council.

Mr. WHITE: I would like an engineer to explain it.

The WITNESS: I do not know personally the circumstances.

*By Mr. White:*

Q. But that is the fact though?—A. That is the fact.

Q. That the plan filed which I am now showing you shows the 27-foot channel at one place to be 500 feet and at another place 1,100 feet?—A. That is correct. Pardon me, Mr. White. I doubt whether that shows a depth of 27 feet. I might just check that.

Q. That might be more important still perhaps.—A. That shows a cut of only 25 feet and not 27 feet. I mean the depth of water is only 25 feet from the surface of the water.

Q. What about the lower one?—A. The lower one is the same.

Q. 25 feet?—A. 25 feet.

Q. From the surface of the water to the bottom of the cut in other words?—A. Right.

Q. Then I show you the original of your contract of the 10th of March, 1930, between the Beauharnois Power Corporation, Limited, and yourself?—A. Yes, sir.

Mr. WHITE: That will be Exhibit No. 81. As this is an original, I told Mr. Griffith that a copy might be substituted. I do not know that we need to spread this on the record.

The CHAIRMAN: Look it over and see if there is anything of significance.

Mr. WHITE: There is one clause in the contract which might be read into the record. It is clause 5:

The corporation covenants and agrees and these presents rest upon the following express understanding and conditions, namely,—

Then (a) and (b) I am not bothering with, except the second paragraph of subparagraph (b):—

And further that there is in contemplation and the intention is that on the completion of a power plant for the production and use of five hundred thousand horse power (500,000 h.p.) there shall be further diligently prosecuted plans and works for the diversion of all available waters from the St. Lawrence river to such an extent, as that to which a total or complete diversion of such waters may extend.

The CHAIRMAN: What is the effect of that, Mr. White.

Mr. WHITE: The very frank expression and intention on the part of the parties.

The CHAIRMAN: It is rather a written expression of a pious hope, is it not?

Mr. WHITE: Possibly. Those are all the parts I wish to draw attention to, and that is all from Mr. Henry at the moment.

Mr. MONTGOMERY: I would just like to put in, while Mr. Henry is in the box, one of the conditions of the emphyteutic lease from the province of Quebec, and I have a set of the plans and copy of the order in council of the province of Quebec.

The CHAIRMAN: That is, by the province of Quebec.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: Are those plans duplicates of the plans filed.

Mr. MONTGOMERY: I am informed that they are duplicates of the July, 1929, plans, and that as regards the August, 1930, plans, Quebec expressed its desire to await the final consummation of the work before submitting for approval the plans as finally amended. I would like those filed as Exhibit 82.

The CHAIRMAN: That will be Exhibit No. 82.

*By Mr. Gardiner:*

Q. You have just shown a cross section of the canal or the channel, and do you show on that cross section proposed progressive development? Is it correct to say that it will take a 600 foot channel at the bottom approximately between 700 and 800 feet wide at the top to carry 40,000 cubic feet of water?—A. No, but this channel has a cross sectional area with approximately 2,000 square feet more than is necessary to take 40,000 cubic feet a second if the velocity is  $2\frac{1}{4}$  feet a second.

Q. You have ample surplus for 2,000 cubic feet?—A. Not 2,000 cubic feet, square feet.

*By Mr. White:*

Q. Which would carry how many cubic feet of water?—A. It would carry about 45,000 cubic feet a second, Mr. Chairman.

*By Mr. Montgomery:*

Q. At low stage?—A. The whole thing is designed at low stage. That flows at low stage.

*By Mr. Gardiner:*

Q. Could you tell the committee, Mr. Henry, how much you reduce the level of Lake St. Francis by extracting 40,000 cubic feet per second without control works?—A. I cannot answer that question.

Q. Is it possible to answer that question?—A. I believe it is, but I did not look into it personally, because the condition was that it should not be lowered if control works were to be put in.

Q. Have you prepared plans for control works?—A. Oh, yes.

Q. Have they been accepted by the department?—A. The control works, I believe, have been, that is, accepted to this extent that they have been modified to meet the suggestion made by the chief engineer incorporated in the plans filed on the 22nd August, 1930.

*By Mr. White:*

Q. Remedial works?—A. No, we are talking about control works at the outlet to Lake St. Francis.



*By Mr. Gardiner:*

Q. I am speaking of the remedial works to keep the level of the lake up?—  
A. Those are control works, Mr. Gardiner.

Q. Have you any information that will lead the committee to believe that this control work would keep the level of the lake up, or are they problematical?

—A. It is the opinion of the hydraulic engineers who work on that problem that they will. Of course, they have got to be subjected to regulations dependent upon the stage of the river. But we are confident that they will be so.

Q. When you were under examination on Friday the relations between yourself and Senator McDougald were under consideration and you told the committee that you made a split of the profits of the Sterling Corporation of a 50-50 basis. You told the committee that you had received a certain amount of cash, but not all of it, and you promised the committee that you would bring that information here to-day. How much cash did you receive from Senator McDougald?—A. I received approximately \$100,000.

Q. Leaving?—A. Leaving \$50,000, still to be dealt with.

Q. And you have not received any of the stock yet.—A. No, not yet.

Q. On the understanding between you when do you expect these shares will be delivered to you?—A. Very shortly I believe.

LESLIE CLARE MOYER, called and sworn, and examined by Mr. White.

Q. You reside in Ottawa, I understand?—A. Yes.

Q. And formerly you were private secretary to the Prime Minister of Canada?—A. I was. I ceased to be private secretary to Mr. Mackenzie King at the end of September, I believe it was 1927.

Q. And since that time you have been engaged in the practice of your profession?—A. Since early in 1928.

Q. As a barrister?—A. As a barrister.

Q. Did you, on the 4th April, 1928, apply to the Beauharnois syndicate for 800 part interests?—A. I did.

Mr. STEWART: What is the date?

Mr. WHITE: The 4th April, 1928.

*By Mr. White:*

Q. And did you then forward with your application a cheque for \$15,000?—A. I did.

Q. Being one half of the amount at which the shares were purchased?—A. That is correct.

Q. Did you purchase them for yourself or for somebody else?—A. I purchased them for a client.

Q. For whom?—A. Winfield B. Sifton.

Q. Who furnished you with the money?—A. My client, Mr. Sifton.

Q. Then, was further cash paid on them?—A. Yes.

Q. When?—A. On the 18th of May, or approximately that date, a similar amount, being the balance of the purchase price of the 800 part interests.

Q. When was that?—A. On the 18th of May, I think it was.

*By the Chairman:*

Q. The same year?—A. The same year, yes sir.

Q. What was the balance, \$15,000?—A. \$15,000.

*By Mr. White:*

Q. Were the share certificates sent to you?—A. They were, eventually; not for some time after that. I am afraid that I cannot tell the date of the receipt, but I did receive the share certificates some time later.

Q. Then I understand that on the 4th April, 1928, you were an original subscriber of the Beauharnois Power syndicate for one share?—A. I was. That I subscribed to as a qualifying share, because I was at that time a syndicate manager. I paid for that one part interest, \$100 of my own money.

Q. And on the 18th May, 1928, you applied for 1,600 shares of the Beauharnois Power syndicate?—A. Yes sir. Did I understand you correctly, Mr. White, to ask me whether one part interest was in the Beauharnois Power syndicate?

Q. Yes.—A. That is what it was.

Q. Yes?—A. Yes.

Q. It was just being formed on that day, I understand?—A. I think so, yes.

Q. And then, you did apply, on the 18th of May, for 1,600 shares in the Beauharnois Power syndicate?—A. Yes.

Q. Then the shares for which you did subscribe in the original syndicate or the Beauharnois syndicate became 1,600 shares?—A. Yes.

Q. Which left you with 3,201 shares?—A. That is correct.

Q. With a liability of \$160,100?—A. Well, 1,600 of the shares were fully paid for.

Q. That is, you paid in \$160,000?—A. The amount I subscribed for, if I had paid for them, would have been \$160,000.

Q. The liability which you were assuming was \$160,000?—A. Yes, I suppose that is what it works out to.

*By Mr. Lennox:*

Q. Did you have 3,200 altogether?

Mr. STEWART: We are getting this mixed up.

Mr. WHITE: He had 3,201 altogether.

The WITNESS: I had 800 of the Beauharnois syndicate, which became 1,600 when fully paid for. That is what I was entitled to subscribe for.

Q. For yourself?—A. I had for my client 1,600 shares, and the one part interest that I had—

Q. Of \$100— —A. \$100, which I subscribed for and paid for in my own money, a part interest qualifying share because I was a syndicate manager.

Q. That left you with 3,201 shares?—A. Quite.

Q. With a liability of \$160,100?

*By Mr. Lennox:*

Q. What I was wanting to find out, for whom were the second 1,600 shares bought?

Mr. WHITE: He says they were bought for his client.

*By Mr. Lennox:*

Q. The same client?—A. Oh, yes, quite.

*By Mr. White:*

Q. Then, you paid I understand, on the 1st of June, a call of 10 per cent, or \$16,000.—A. I am not sure of the date, I did pay that amount. My cheque was issued on the 26th of May, but it probably reached the company on the 1st of June.

Q. Leaving a balance owing of \$144,100?—A. Yes.

Q. Then, on the 2nd of October, you transferred 1,600 shares to Mr. John P. Ebbs?—A. I am not sure of the date, but I did transfer that amount.

Q. Transferred the two lots, that is 1,600 fully paid and 1,600 partly paid upon which there was—and which were at the time all paid for. Did you pay for them?—A. What is that, sir?

Q. When you transferred them to Mr. Ebbs, they had been fully paid?—  
A. 1,600 had been completely paid, as I said a few moments ago. On the second 1,600 I had paid on the 26th of May, \$16,000. That was all I ever paid on the second 1,600 part interests.

Q. I see—A. I transferred to Ebbs—

Q. I see you paid cash on the 15th October, \$100.—A. For my own qualifying part interest, yes.

Q. That is the share which had been issued to you and for which you subscribed on the 4th of April.—A. Yes.

Q. Which left you owning or interested in—A. No, Excuse me—I do not think I subscribed for that one part interest on the 4th April, but I may have done.

Q. You were the original subscriber, were you not?

Mr. STEWART: He said the 4th April, 1928.

The WITNESS: That is correct, it was the 4th April.

*By Mr. White:*

Q. So that you were left on or after the 15th October, 1928, with one share?—A. With one part interest, and had divested myself of everything else.

Q. Which you had paid for?—A. Yes.

Q. On whose instructions did you transfer these interests to Mr. Ebbs?—A. On instructions of my client, issued to me in his lifetime.

Q. When did he die?—A. On the 13th June, 1928.

Q. That was before this transfer?—A. Yes.

Q. And how were the instructions issued to you?—A. That is a question, Mr. White, which raises a problem to which I have given a good deal of consideration, and on which I should like to have your opinion and that of the chairman and the legal members of the committee, if possible. When I was retained by Mr. Sifton, he clearly defined our relationship as that of solicitor and client, and I accepted it as such. I had no reason to—

*By the Chairman:*

Q. He defined it as being what?—A. He said, I am your client, you are my solicitor. I want you to invest certain monies for me. In effect he said that. And his instructions from that point on, I think are privileged. I would be very happy to tell everything I know about what his instructions were, and how I carried them out, but the chairman earlier in this inquiry defined the principle of privilege, and very properly, I think, pointed out privilege rests with the client. My client is dead. The courts have decided that where a client dies the privilege carries on, and whereas with a personal privilege the estate cannot release the privilege.

*By Hon. Mr. Mackenzie:*

Q. It can only be done by a competent legal authority?—A. Competent legal authority. Now, with deference, Mr. Chairman, I think that is the position in which I find myself. In connection with the principle, that the death of a client does not destroy the privilege, I quote a Privy Council decision, Bullivant vs. the Attorney General for Victoria, 1901 Appeal Cases, page 206. So, as I say, while I should like to be free to convey to the committee all that my client told me, and all I did in pursuance of his instruction, I do not think I am free to do so.

Mr. WHITE: That is a very easy way, Mr. Chairman, to seal the mouth of a man.



The WITNESS: I am reluctantly sealed, sir.

Mr. WHITE: Following that, I can go into any kind of a transaction and go to a solicitor and say, You are my solicitor, and I am your client, and what I say to you is absolutely privileged.

Mr. LENNOX: You draw a distinction, then, between a question entirely of law. If a man goes into a matter of legal work of course, I cannot disclose anything he tells me without his permission.

Mr. WHITE: Quite so.

Mr. LENNOX: Where it is a business, probably a broker, and a man comes into you and says,

I want you to buy so much stock—

Mr. WHITE: You are my solicitor.

Mr. LENNOX: I say to you,

You are my solicitor,  
there is a question in my mind whether that comes under the question of privilege or not.

*By Mr. White:*

Q. Did you ever render a bill for these services?—A. I was paid, yes, by Mr. Sifton, an appropriate fee, I think.

*By Mr. Lennox:*

Q. You did not give him any advice, or anything; you merely acted the same as if he had gone into a broker's office?—A. No, I do not think—

Q. Excuse me. You merely acted the same as if he had gone into a broker's office and asked him to buy so many shares of stock?—A. No sir. It was a lot more to it than that. His instructions were quite detailed and involved a good deal more than my simply standing in his place and making an investment for him.

Q. Had he made up his mind to purchase when he came to your office, or purchase through your advice?—A. He came to me to act as his solicitor in connection with the purchase, to which he had decided—

Q. He might have gone to anybody else, or to any solicitor?—A. He might have done, but he did come to me, and I still feel that—

Mr. LENNOX: I think it comes down to a question whether this is within the category of the solicitor's work.

Hon. Mr. MACKENZIE: Who is going to do that?

Mr. LENNOX: I do not know.

Hon. Mr. MACKENZIE: Did not the solicitor himself decide that?

The WITNESS: That is my position. I have not rested upon the matter of my own judgment, I have consulted counsel, and good counsel, I think, and my opinion has been confirmed. If a superior court could relieve me, I should be very happy, but failing that I do not see what else I can do than take the position that I am taking.

Mr. WHITE: Frankly, Mr. Chairman, I have not had an opportunity to look into it. I do not want to press the violation of a well known principle of evidence. As I see the matter now, I would have no hesitation whatever in advising the committee that this is not the kind of thing that is privileged, but in order to be sure about it, I would like to look at the authorities, and thoroughly satisfy myself before pressing it.

Hon. Mr. MACKENZIE: That is fair, Mr. White.

The CHAIRMAN: I have not had the opportunity to look into that question for a great many years.

Mr. LENNOX: There must be some authority.

Mr. WHITE: What is the case you cite?—A. This is the case that states that the mere fact that a client is dead does not destroy privilege.

Mr. LENNOX: There is no dispute about that.

Mr. WHITE: There is no question about that.

The CHAIRMAN: The question in my mind is this; What kind of communications from a client to a solicitor carry with them that privilege? Merely because a person comes to me and says "You are my solicitor and I am your client," to my mind would not be conclusive as to fastening the privilege on that communication, that may pass between us, if it were not of that kind and character that is contemplated between solicitor and client.

Mr. WHITE: De facto.

The CHAIRMAN: I frankly confess I have not looked into the matter for a long time, and I would not care to make a decision.

Q. Is there anything you need to withhold? Is there anybody to be hurt by that?—A. Conceivably, yes. I do not know anybody would be, but putting myself in the position of my client, I can imagine he might object, and if there is any possibility that he would object, if alive, certainly I am not free to decide for him in his death.

*By Mr. White:*

Q. Do you know who his executors are?—A. No, I do not.

Hon. Mr. MACKENZIE: The estate has not the right to release privilege.

The WITNESS: If privilege exists, as I imagine it does, it is a personal privilege.

Mr. WHITE: I quite appreciate that.

Q. Do you know who the solicitors were in Ottawa, if any, who took out letters probate, or letters of administration?—A. No. I imagine it was done in Toronto. I do not know.

*By Mr. Lennox:*

Q. Were you his solicitor in any other transaction, save those two?—A. No.

Q. Is there any reason why he should go to you, if at all, rather than through his solicitor or broker?—A. I do not know who his solicitors—he and I have been friends for twenty years; I was living and practising in Ottawa, and this matter had to do with operations centering in this part of the country, Montreal and Ottawa. He may have had reasons dependent upon those circumstances, but I do not know what they were.

Q. Did he give you any reasons for going to you?—A. No.

Q. To buy these shares?—A. No.

Q. To act for him in the purchase of these?—A. No.

Q. He has not done any business with you since, as solicitor?—A. Well, he died in the midst of this operation.

Mr. WHITE: I am afraid, Mr. Chairman, that I will have to look into it, and ask Mr. Moyer to come back when the matter is looked into.

The CHAIRMAN: Would you pursue Mr. Moyer's examination as far as Ebbs is concerned?

Mr. WHITE: It is covered pretty much by the same objection.

The CHAIRMAN: No.

*By Mr. White:*

Q. You told us that you transferred those shares on instructions that you had received from Mr. Sifton?—A. From my client, Mr. Sifton, yes.

Q. You transferred them sometime after his death?—A. Yes.

Q. You told us he died when, I did not get the date?—A. The 13th June, 1928.

Q. When were the instructions given to you?—A. I do not recall the date; it was not long before that, because there were no instructions at all, I remember, at that point for some time after I had been retained, but I was with him on one occasion, and he had a serious illness, a heart attack, I think, and there was some doubt whether he would survive it. It proved to be very severe, and brought to his mind—I remember he said so at that time—that he would have to provide for that matter if he passed out suddenly, as he did. I do not know how long it was before his death, but it was not very long.

Q. Mr. Sifton was also a solicitor?—A. Yes.

*By Mr. Lennox:*

Q. Was there any reason why he could not purchase them direct, without going to you?—A. I don't know. He did not give me his reasons for doing it the way he did.

Q. What would cause the delay between the time you received instructions and the time that you actually transferred to Ebbs?—A. That delay resulted from my carrying out the instructions, certain instructions which I have given in the objection that I took a moment ago.

Q. You were not instructed by the executors?—A. No, I do not know who his executors are.

*By Mr. White:*

Q. Do you know whether these shares formed part of Mr. Sifton's estate?—A. I do not know that.

*By the Chairman:*

Q. What was the significance of the date, October 2, 1928?—A. There was no significance attached to it that I know of, but certain events connected with his instructions culminated at that time.

The CHAIRMAN: Mr. White, I think you had better look into the law on the question of privilege in respect to the question of this evidence.

Perhaps you can go this far, Mr. Moyer. Your relationship with Sifton in connection with this purchase of shares, as I take it, in time called for you giving him no legal opinion in connection with it?—A. I would not say that it did not, sir. On more than one occasion he discussed his legal position in connection with the matter, and we discussed it together, and I expressed my opinion and gave him what little advice I could.

Q. He was in doubt as to the legality or the illegality of the position he was taking?—A. I would not say that. The discussion on the legal position, I do not mean to imply any doubt or any suggestion of any illegality in what he was doing; otherwise I should not have been associated in what took place.

Q. Your advice, I assume, would be concerned with the soundness of the investment?—A. To some extent, yes, sir.

*By Mr. Lennox:*

Q. How much money did Ebbs put in on the transfer of stock?—A. Ebbs did not pay me. The only money that I had anything to do with, in the whole transaction, was the receipt from Mr. Sifton and the payment to the Marquette



Investment Corporation of the \$15,000, and \$16,000 and the \$100 for my own part interest.

Q. Did you deliver the shares transferred to Ebbs—A. Yes.

Q. What was said about payment?—A. Again, sir, I cannot—

Q. He is not your client, so you can tell us that?—A. My client's instructions implied a provision which was carried out whereby I should receive authority to do a certain thing, which I did; when the authority was given to me the thing was to transfer to Ebbs.

*By Mr. White:*

Q. Who gave you the authority?—A. I cannot answer that question. That is a—

Q. That is not a communication from your client?—A. It certainly is.

Q. Something that somebody else gave you or your client?—A. Well, I—

Mr. LENNOX: What was the question?

Mr. WHITE: Who gave him the authority to transfer? He said he had received instructions from a certain authority to transfer the shares, and I have asked him who gave him the authority. It certainly was not his client.

Q. It could not be a communication from your client?—A. My client gave me authority to make a transfer when certain things had happened in the meantime when I should receive certain instructions. I received the instructions from Ebbs.

Q. And the authority that you speak of?—A. The advice was from my client. Ebbs had obtained it from my client.

Q. Who gave you the authority? You used the word "authority"?—A. I might have conveyed the wrong impression. I meant that the message which formed my client's instructions came to me from Ebbs. I might say—

Q. Did you get a receipt from him?—A. No, I did not need a receipt, because he was taking over all the obligations involved. The relationship between myself and my client was decidedly one of mutual confidence.

Q. I know, but how did the estate deal with it?—A. I do not know.

Q. In other words, you were turning over to somebody else an asset?—A. Yes.

Q. Which might very well have been claimed by the estate to have been an asset? In other words, the executors might have considered it an asset of the estate?—A. I do not think that could possibly be so found.

Q. Well— —A. In fact I am sure it could not.

Q. Then, may we imply from that these were not Mr. Sifton's shares?—A. I do not know any reason why they were not.

Q. Either they were, or they were not?—A. I believe that they were.

Q. If they were, then they were part of the estate?—A. No, not when he provided for their transfer in his lifetime.

Q. Well— —A. That is as I understand it.

*By the Chairman:*

Q. For the purpose of evading succession duty?—A. That did not occur to me, sir; I do not know.

*By Mr. Lennox:*

Q. Did any money pass into your hands at all from Ebbs?—A. None whatever.

Q. You were paid no cash for the shares?—A. None whatever. I have mentioned the only moneys I had to do with.

*By Mr. White:*

Q. You did receive a considerable sum of money from the Beauharnois company?—A. Yes, for services rendered.

Q. When did you start to act for them?—A. I do not know the date; it was early in 1928, probably in January, I should think, or maybe February.

Q. 1928?—A. Yes.

Q. That would be before you made the subscription?—A. Yes.

Q. So that we may take this then, that at the time you received the instructions from Mr. Sifton to apply for the Sifton shares, you had already been acting in some capacity— —A. For the syndicate, yes sir.

Q. For the syndicate?—A. Yes.

Q. And who paid you?—A. The Marquette Investment Corporation.

Q. The Marquette Investment Corporation?—A. Yes.

Q. On bills rendered from time to time?—A. Yes.

Q. If I remember correctly you have been paid to date for your services in connection with the syndicate and other company matters, a sum of \$21,000? —A. I have not been—perhaps that is correct, as you stated sir, but that amount covers a lot of expenses and extra office staff, and a great many things like that.

Q. You rented an office for them here?—A. I have an office of my own, and I did some extra work for them.

Q. As a matter of fact, was not their Ottawa office your office?—A. Part of the time sir, yes.

Q. And— —A. I would not say that, no. They did not have an Ottawa office.

Q. You charged them rent for it?—A. For the period in which I had to take extra quarters, yes.

Q. You charged them for stenographic help?—A. I was administering that office though.

Q. In other words, you were an agent here for the Beauharnois syndicate? —A. I suppose I might be so described, yes.

Q. And during part of the time managing the office for which the Beauharnois syndicate paid rent?—A. Yes.

Q. And had stenographers there whom they also paid— —A. Yes.

Q. Salaries of whom they also paid?—A. Yes.

Q. Also the stationery and telegraph and telephone expenses of the office? —A. Yes.

*By the Chairman:*

Q. Did that relationship with Beauharnois exist before you applied for the 800 units?—A. Yes, it did.

Q. You were acting as their agent?—A. I had been retained by them in January, I think.

Q. How long before that?—A. I think I was retained in January of that year.

Q. January, 1928?—A. 1928.

Q. This W. P. Sifton acted as a solicitor also for the Beauharnois, did he not?—A. He did.

Q. And Col. Victor Sifton also acted?—A. I do not know that.

MR. WHITE: I suppose the old maxim still holds good, solicitors for the same thing are solicitors for one another.

*By the Chairman:*

Q. Do you know how many solicitors they had?—A. In Ottawa they had two or three firms.

Q. Two or three firms?—A. Yes.

Q. I think probably acting as their agents?—A. I am not sure. I know one of their solicitors gave evidence before the committee the other day, and I believe another has been subpoenaed.

Q. Col. Thompson?—A. Yes.

*By Mr. Lennox:*

Q. Was Sifton solicitor at the time you bought these?—A. Oh yes.

Q. At the same time?—A. He was at the time of his death, I understand.

Q. It seems rather strange, when he himself was solicitor for the company, that he should?—A. He once was good enough to say I was one of the few people he could trust.

Q. He could trust himself, couldn't he?

Mr. WHITE: That is quite a compliment to pay to one who has been a secretary to the Prime Minister, I should say.

WITNESS: Thank you, sir.

Q. On the 25th April, 1928, Mr. Moyer, you appear to have been paid the sum of \$318.67. My people inform me that there is no voucher for that. Do you know anything about it?—A. I do not recall it, no.

Q. Then, on the 20th June, 1928, appears a payment to you of \$2,000 for which there is no voucher. Was that on account of services and expenses?—A. I think it was, but I do not recall that date. I was working on a per diem arrangement. I think very likely that was fees and disbursements.

Q. You also had a retainer, did you not?—A. At the start, yes. Later on it was an arrangement per diem.

*By the Chairman:*

Q. As agent for the Beauharnois company in Ottawa, what, generally, were your duties?—A. I was acting as a departmental and parliamentary agent, which is the general term that applies in many services.

Q. When did you start, in January, 1928?—A. January, 1928, yes sir. I was also, as all associated with the company were convinced, of the merit of the proposition, and consequently, I should not say "consequently", but I was also convinced of the merit of the St. Lawrence waterways; and among my duties which called for the extra stenographic help and so on, was a certain amount of distribution of literature and educational work along that line, pointing out the St. Lawrence waterways proposition was a good thing, and the Beauharnois project as a potential part of the general scheme was also a good thing. There was no subterfuge about it.

Q. No, do not misunderstand me about that. There is no suggestion that there was. But it appears that the public seem to be loath to agree with the project, without a good deal of circularization, education; that was in the air, was it not?—A. It was necessary or considered necessary to do a good deal of missionary work, yes.

*By Mr. White:*

Q. I suppose those who had to be converted, or at least, whom it was most important to convert, were the members of parliament and the members of the executive council?—A. I would not say that, sir.

*By the Chairman:*

Q. Who were the unbelievers on whom it was necessary to do a good deal of missionary work?—A. The great public, sir; that is why it was necessary to do so much dissemination of literature, and that sort of thing.



Q. It is along that line, then, that you get the great public—A. Yes.

Q. —behind it?—A. Yes.

Q. In order that the pressure of public opinion would be such as to enable the executive council to do what you wanted it to do?—A. I think—

Q. You figure the original consequence of getting the great public opinion with you?—A. I would not say I figured it out in that sequence.

*By Mr. White:*

Q. Not having had any experience in that line. Well I see here that on December 17th the total amount of fees paid to you was \$21,406.17?—A. That is probably true, I do not recall.

Q. From January, 1928, to December, 1929, \$21,406.17, and that includes, of course, as Mr. Moyer says, fees, rent, and stenographic help.

The CHAIRMAN: I should like you to turn to that question again, in regard to Mr. Moyer's work.

Q. Do you know one convert you actually made to the scheme during your missionary efforts?—A. I am afraid I do not, sir. It is a pretty intangible phase.

Mr. WHITE: Like bread cast upon the water, Mr. Chairman.

*By the Chairman:*

Q. Did you ever see anyone of consequence in connection with this scheme?—A. Well it depends upon what is meant by "anyone of consequence". I saw a great many people of consequence, I suppose. Whom do you mean? Perhaps you can explain your question better, sir.

Q. Did you see anybody whose conversion will amount to passing the Order in Council with facility?—A. No, on the contrary.

Q. You did not look for those?—A. No.

Q. You did not interfere with that crowd?—A. Well, I was never asked to approach anyone of that character, and I am quite sure that my humble influence would not have been very great, if I had.

Q. You are too modest. You were just dealing with the proletariat generally?—A. Yes, generally, yes.

Q. Playing no favourites?—A. No. I had no occasion to play favourites, sir.

Mr. WHITE: It is a bad thing to do, sometimes.

*By Mr. Lennox:*

Q. Coming back to those shares that you handled, and transferred to Ebbs, into whose hands did they finally get?—A. I don't know. I pass out of the picture as soon as I transferred to Ebbs. I ceased at that time to be a syndicate manager.

Mr. WHITE: I will be able to show that.

The WITNESS: I suppose the records of the company will show that. In fact, it is pretty generally known where they went, but I do not know definitely; I cannot say so.

*By Mr. Lennox:*

Q. Where do you think they went?

Mr. WHITE: Perhaps Mr. Griffith will produce the order that will show to whom the shares were finally transferred.

Mr. LENNOX: I should just like to follow that up.

The WITNESS: I do not mind saying where I think they went, sir.

Mr. FORSYTHE: I think it is already in evidence.

The CHAIRMAN: Where did they go?—A. I understand they went to Senator McDougald. I think it is down on the notes. I think the record shows that.

Mr. LENNOX: The record shows 3,200 of those went to Senator McDougald?—A. Yes.

Q. It does not say they were the 3,200 that belonged to Sifton?—A. I cannot identify them as such, but I think the record will show.

Mr. WHITE: Mr. Chairman, Exhibit No. 74 shows this transaction, page 10, item No. 148, John P. Ebbs held two certificates—one at two seventy-eight, I think it is, for 2,000 shares, two seventeen for 1,600 partly paid, and they were transferred to Hon. W. L. McDougald, the amount being \$700,000 in cash, and 208,000 shares of class "A" stock.

The CHAIRMAN: That is 3,600 altogether.

Mr. WHITE: No, that is 5,200, the 2,000 shares being the Sterling matter—the other two being the shares. Until we are able to supply the necessary pry, I suppose we will have to let Mr. Moyer step down.

*By Hon. Mr. Mackenzie:*

Q. Mr. Moyer, what time did you leave Mr. King's service as his private secretary?—A. I think it was the end of September, 1927. It was within a week or two of that date.

Q. Have you ever since that time discussed any questions in relation to the Beauharnois Project with Mr. King?—A. I have not. Since that time, as a matter of fact, I have not spoken to Mr. King except in a crowd, and then to exchange formal greetings. I have not 'phoned to him or written to him nor has anyone else on my behalf.

*By Mr. White:*

Q. Was there a coolness between you?—A. I am just answering your question distinctly, sir.

Mr. STARR: Mr. White said he was not through with Mr. Griffith the other day, and he asked me to stand down. If you are through I would like to ask Mr. Griffith a question or two.

Mr. WHITE: I am recalling him. I was going to call Mr. Sweezy now, but if you prefer I will put Mr. Griffith in the box.

Mr. STARR: We might as well make it in one bite.

ROBERT OLIVER SWEEZEY, called and sworn.

*By Mr. Morin:*

Q. You are now the president of the Beauharnois Power Corporation, Mr. Sweezy?—A. Yes.

Q. Before being engaged to this project what was your occupation?—A. A civil engineer by profession.

Q. Practicing in Montreal?—A. Practicing in Montreal.

Q. Since when?—A. Oh, since 1912. Not always as a consulting engineer, but either as a consulting engineer or as an employee.

Q. When did you organize this banking firm of Newman, Sweezy Company?—A. 1921.

Q. Now, we are interested in this Beauharnois project, so we will limit your career to that particular deal. Will you give us the chapter of this romance of your connection with Beauharnois Company when first you were interested in this project?—A. In 1912 I was engaged by the Royal Securities Corporation

as an engineer for the direct purpose of investigating the water powers of western Canada, and that, incidentally, took me later into the investigation of many other natural resources of the country. The further I got away from Montreal the more I realized the importance of the Montreal water powers—the St. Lawrence water powers as compared with the water powers in other parts of Canada. In 1913 I was instructed by Sir Max Aikin, now Lord Beaverbrook, who was then president of the Royal Securities Corporation, to investigate the water power which we now know as Beauharnois.

*By Mr. White:*

Q. When was that?—A. In 1913. And after a superficial examination, followed subsequently by certain details, I came to the conclusion that this really was the water power of Canada which merited attention—far more than the water powers more distantly removed that I had been giving some attention to up to that time. I reported to Sir Max Aitken, who was then living in London, my findings in this case, and as I recall it, I had further investigated on the whole prospective idea of development. I followed this up with further investigation from time to time, but we were soon into a period when 1914 suggested the difficulties of the world war, and then water powers and their development were forgotten. A couple of times during the war this matter of Beauharnois recurred to me through other directions and other consultations, but because of the conditions at the time, I could not pursue them very far. After the war I maintained a sort of passing interest in it. I was living in Montreal; Beauharnois was close by; and I kept on observing the possibilities of this development. The interest I maintained was at that time reawakened more than at others because I heard of certain interests who were looking into it. Into 1920-21, Mr. E. A. Robert, who was then chairman of the Montreal Tramways, himself spoke to me as to the possibilities of developing this power, and coupling with him certain Boston and New England interests. I followed his interest in the matter, and he, at the same time, was interested, I understand, in the development of the Carillon power on the Ottawa. Later on Mr. Robert's negotiations with the New England people were completely abandoned because of some difficulty in the exportation of power from the province of Quebec to the United States. It then became a policy of the province of Quebec, I understand, not to export power to the United States in any form, except such power as was already under licence. After Mr. Robert's abandonment of the idea of development for export to New England, I heard nothing more of it for two or three years, except in a rather vague way, and what I occasionally had read in the papers. One day Mr. Cantin, who was the chief factotum of the transportation and power company, came in to see me—was introduced by another man, Mr. Bergevin. He informed me that the Transportation and Power and another company called the Great Lakes something or other, then owned the Robert rights. In my investigation of 1913, the Robert rights were the ones which I regarded as the basis upon which this whole development could take place; because I realized there were several factors. First, there was the physical one; second, some sort of legal position from which an operation could base its beginning; and third, there was the financial problem. Mr. Cantin, having informed me that they owned the water power in question, I immediately became interested and said, from the point of view of one in financial business—my house had had up to that time—Newman, Sweezy and Company—several undertakings in the pulp and paper business, and one or two other things—I was interested in producing good sound securities for sale, and I knew nothing better than water power securities, especially the water power in close proximity to Montreal, particularly as I knew something about Beauharnois and figured I had given it pretty ample study with a view to taking a hand in it sometime.



*By the Chairman:*

Q. This was in 1923?—A. Probably 1925 or 1926. I am not sure about the date of that. Later, as Mr. Cantin kept calling on me, I discovered that his idea was to sell me stock in his company. I always resisted that idea, saying I was interested in having the titles of the property, and I would be willing to make a proposal subject to his being able to deliver the title. I came in contact with Mr. Robert afterwards—and I am not sure just how and when I ascertained this fact—but I discovered that Mr. Cantin and his company did not in any way own control in this company; that they had had an option at one time, but the option was expired.

*By Mr. Morin:*

Q. But you had a lawsuit; they are suing you for \$10,000,000; it is pending before the Court?—A. Yes. I will come to that in a minute. They endeavoured to belittle this lawsuit, and they gave me a rather confused deal, and immediately I withdrew my interest in the matter. But Mr. Cantin continued to visit my office from time to time, and rather persistently, always with the desire to sell me stock, and at that time offering me stock as low as fifty cents a share, and at that time even desiring to borrow money from me.

*By Hon. Mr. Mackenzie:*

Q. Was that Cantin senior or junior?—A. Cantin senior.

*By the Chairman:*

Q. Was there a condition in the lawsuit about the Roberts?—A. The company was—the Transportation and Power or the Great Lakes—

Q. The substance would be specific performance in this expired option?—A. That is what I understood later.

*By Mr. Jacobs:*

Q. You said that Cantin attempted to borrow money from you. I fancy they were modest sums?—A. Oh, yes, personal. I think at one time he had an idea that the way to settle this problem was to issue a bond issue of a million dollars on the property, get Newman, Sweezy and Company to buy the bonds with which he was to pay off the Roberts. I did not see the force of this argument, because that left Newman, Sweezy, to hold the bonds and nothing to pay the interest on the bonds. In seeing W. H. Robert, who is really the chief executor of the estate, from time to time, I ascertained—although told to the contrary by Mr. Cantin—that the lawsuit was not settled and they were going to fight it to the end, and the Roberts were very bitter against the Transportation and Power Company, and felt they were being hounded on something they had no right to be. Mr. Cantin used to come back to me every so often and he represented always that he had reached a basis of settlement with the Roberts and when I went to the Roberts to find out the settlement, I found there had been no basis reached, and I was very anxious to keep Mr. Cantin away from me. He was taking up a lot of time. I treated him with a certain amount of courtesy, and he abused them. I was anxious to get it into his head that I was only interested if he could deliver the title. I had to write letters to that effect to inform the president to please keep Mr. Cantin away. Finally, the lawsuit went on in the courts. The Roberts won the second and third rounds in the court, and I went to Robert and I said that I was satisfied if Mr. Robert was right that probably his properties could be bought, but there was still the danger that Mr. Cantin and his company might appeal the case to the Supreme Court, which they did. In the interval, which was February 3, 1927, I purchased from Robert personally—

*By Mr. Morin:*

Q. You are now in 1927?—A. I am now in 1927, February 3. I skipped over rather hurriedly.

Q. I have here a letter dated 1926, which I want to draw to the attention of the committee. I have only a copy of it. Would you please look at it and see if it is a true copy of the original?—A. That looks approximately correct. I do not see any reason to doubt it.

Q. I think I must read this letter to the committee. It is a letter dated October 14, 1926, which I find in Exhibit 23, Sessional Paper No. 295. Here is the letter, addressed to Mr. J. Alderic Raymond, Windsor Hotel, Montreal:—

Further to our conversation regarding the St. Lawrence Power project, in which we are both interested, I may say that though I have been familiar with this situation for some twelve years, it is only during the past twelve months that I have devoted some serious attention to the study of the economic possibilities of this one million horse-power development, near the City of Montreal, and on deep water navigation in the St. Lawrence.

Briefly stated, the power site is comprised in the natural fall of eighty-three feet, in the distance of some fourteen miles, between Lake St. Francis and Lake St. Louis. It is proposed to divert by a canal through a clay section of level country on the south shore a minimum of 75,000 cubic feet per second of St. Lawrence water, or a possible maximum of 150,000 c.f.s. The effective working head would be seventy-five feet. In case of maximum diversion and 70 per cent load factor, a development of 1,350,000 h.p. is possible, and at a cost which competent authorities place at not over \$100 per h.p.

To place ourselves in possession of all the rights essential to this undertaking, we should pursue the following course:—

1. Acquire the Robert rights which are fundamental in regard to an initial grant which he holds to divert 40,000 c.f.s. He also holds rights granted by charter to expropriate for the proposed canal route. Numerous other incidental rights are included in his holdings which he is anxious to sell, though he wishes to participate partially in the organization syndicate.

2. Acquire the control of the St. Lawrence Waterways & Power Company stock, which is available to us, and upon which we have already a substantial hold.

3. Enlist with our syndicate two or three individuals, who in addition to providing some cash as their fair share, can assist us in getting our rights extended or enlarged so as to develop the entire available flow of the St. Lawrence at this point. As the whole situation is entirely within the Province of Quebec, our influence has to be exerted only in Canadian political circles—that is at Ottawa and at Quebec.

4. It will probably be advisable to enlist the participation of certain United States interests who for their capital and initiative can be relied upon to absorb some of the power in Quebec Province in connection with some power using industry—similar to the Aluminum Company of Canada.

The promise to use a substantial block of power in Quebec Province will facilitate our negotiations with Quebec authorities, and, further facilitate our exporting of power to the Province of Ontario.

5. The cash to be raised for the early stages of this project for the sole purpose of acquiring and enlarging rights to the extent of 150,000 h.p. diversion will approximate some six or seven hundred thousand dollars. It may take three or four years then before actual development starts.

In connection with personnel of syndicate, I have in mind the individuals we should enlist with us, and although I have been in touch with United States people showing a desire to join, I have hesitated to accept any one definitely until certain that each and every one is persona grata to all others.

I have said nothing about the vision necessary to an appreciation of such a project from an economic standpoint, nor have I touched upon the huge profits that may be expected, as these are matters that the ordinary business man can well picture for himself. I do not wish to minimize, however, the task that presents itself in rounding up and launching such a scheme. The actual raising of the money becomes easy, however, once the physical properties and rights have been gathered in.

Yours sincerely,  
(Sgd.) R. O. SWEEZEY.

Q. This letter comes from you?—A. Yes.

Q. From you?—A. Yes, from me.

Q. Would you tell me why it was addressed to Mr. Raymond?—A. Because Mr. Raymond had been one of the men who was interested in the St. Lawrence, and Mr. Cantin had been pursuing him the same way as he had been pursuing me, and Mr. Raymond asked me several times did Cantin have anything really interesting, and was it of value? I told him verbally the conversation Mr. Cantin and I had, and the lawsuit they had; if they won out it might be a good thing, and if they lost it was nothing. He said, "have they a good charter?" I said, "yes, it is a letters patent charter which gives the impression from the reading of it that it might be a safe charter granted by the government." The ordinary layman thought it was a safe charter containing some rights, and so it is confused between that and something not so good. Mr. Raymond asked me what ought to be done; if a few individuals got together to develop the St. Lawrence, how could they get started on it?

*By the Chairman:*

Q. How long had Mr. Cantin been pursuing Mr. Raymond?—A. For a long time. I do not know just how long, but he told me then of Mr. Cantin. Mr. Raymond told me the way he got into it—that is Alderic Raymond—who was manager of the hotel. Mr. Cantin owed him money and paid him in stock, and that is how he came into possession of the stock.

Q. Now, you said Mr. Cantin pursued Mr. Raymond much in the same way as you described he was pursuing you?—A. Yes.

Q. And you and Mr. Raymond took refuge in the same haven?—A. Approximately.

*By Mr. White:*

Q. When you say managed the hotel, do you mean the Windsor Hotel in Montreal?—A. I think it was the Queen's, and the Windsor.

*By Mr. Morin:*

Q. He is the brother of Senator Raymond?—A. Yes.

Q. At that time had you met Senator Raymond?—A. No. I had known him. I had met him once a long time previous. I would not have known him if I had met him on the street.

Q. Did you know he had a talking correspondence with Mr. Alderic Raymond, which was the same thing as having relations with Senator Raymond?



—A. No, not at all, because Alderic Raymond was himself fairly active, and any correspondence with him was merely setting out in writing the result of a friendly conversation at luncheon.

Q. Did you expect to get a subscription from Alderic Raymond?—A. No. After I bought the Beauharnois Company from Mr. Robert, one of the first men I asked to come into my syndicate was Alderic Raymond. I offered him a chance to come in and take 100 shares at \$10,000, and he refused.

Q. In this letter you refer to the opportunity to enlist with your syndicate two or three individuals who in addition to providing some cash as their fair share would lend their influence to be exerted in Canadian political circles. And later on you say, "In connection with personnel of syndicate, I have in mind the individuals we should enlist with us." Will you tell us if you have succeeded in enlisting any of those people that you had in mind at that time?

—A. I find great difficulty, and I do not recall exactly who were the individuals I had in mind, because once I got into this picture the whole plan I had in the early stages dwindled into insignificance compared with the enormity of the task then before me, and the individuals that I had in mind when I wrote that letter—I may say I have tried to recall who they were, and I am not able to recall them—I do not know—because there have been a whole string of them who came to my mind, and most of them shied about putting up any money, and therefore not easy of reach.

*By Mr. Jacobs:*

Q. They were short on cash?—A. Yes.

*By Mr. Morin:*

Q. Any way you have succeeded in getting a subscription from Senator Raymond?—A. Yes.

Q. Yourself?—A. Well—

*By the Chairman:*

Q. What rendered the thing so enormous? I do not follow that?—A. The first difficulty we ran into was that the moment it was known we had purchased these Robert rights which had been for sale for a good many years, every power company and a great many big financial interests directly and indirectly associated with them, became the strongest opponents that could possibly be lined up, and I was at once faced with the alternative of running to cover and losing my money or standing up and fighting them.

Q. So that, having that in mind, the persons whom you had first thought would be strong enough to lend enough influence to help you disappeared into insignificance?—A. Exactly. They ran to cover.

Q. So much so that you do not remember them?—A. I have difficulty in recalling them. I do know I had in mind at the time, and probably that is what Mr. Morin was referring to—I had in mind approaching, among others, Senator McDougald, but when I approached him he also backed away. I did not approach him very diligently, and I did not approach him myself; I got somebody else to do it; but he would not join me.

Q. At any rate, the men you first had in mind that were going to use their influence did not measure up to the job in hand?—A. No. And the first thing we did was to go down to Quebec—

Q. But you still recognized the necessity of using influence?—A. Absolutely. Anybody would be foolish to think—

Q. What heavyweight did you enlist afterwards?—A. Mr. F. P. Jones who was a good fighter and had lots of money—or I thought he had lots of money—and we were just about to start to work the idea out and meet the fighting

opponents of the several power companies I have referred to—there were a few of them, including navigation companies who were very much against us—

*By Mr. White:*

Q. When did the Dominion Securities Company come in?—A. I had forgotten them for the moment. They came in early afterwards. I do not regard the Dominion Securities as individuals. I was appealing to Dominion Securities not so much from the point of view of their work in building up the basis of this thing as for their ability to assist me in financing. The financing is always a factor comparatively easy provided the legal and political difficulties and the difficulties provided by my opponents were overcome.

Q. Still they came in fairly early?—A. Yes.

Q. And put up money fairly early?—A. They put in \$25,000 fairly early with me. I put in the first \$100,000, and they came, in turn, and took a share of it.

*By Mr. Morin:*

Q. They were the first partners?—A. Yes.

Q. And Mr. Jones was the third?—A. Mr. Jones came in after they did.

Q. And then you went to Quebec for an amendment to the charter?—A. Yes. The charter had to be amended to make this feasible.

Q. Have you really paid to the Robert heirs one million and a half?—A. In cash, yes.

Q. It was not turned back in any way?—A. It was paid while we were still a syndicate.

Q. It was not turned back; it was paid and kept for them?—A. Yes, it was paid in cash. I presume they have it if they have not spent it.

Q. You went to secure an amendment to your charter?—A. Yes.

Mr. WHITE: Speaking of the date, it was February 3rd, 1927.

*By Mr. Morin:*

Q. Have you anything particular to say about the date of February 3rd, 1927?—A. No, I do not think so. That is the date I purchased.

Q. From the Roberts?—A. Yes.

Q. And you went before the Quebec Legislature in 1927?—A. Yes. The Legislature had been in session some time when I appeared there.

Hon. Mr. CANNON: I understand that my learned friend is putting that question in order to keep continuity of his story. Should my learned friend, through the witness, investigate anything that might have taken place in Quebec, the responsible body, so far as we are concerned, is the Quebec Legislature, and not this Parliament.

Mr. MORIN: I do not want to go into any inquiry concerning the Federal Government and the Quebec Legislature, because, Mr. Chairman, I think we have no jurisdiction at all to enquire as to what happened before the Quebec Legislature. It might be subject to further investigation.

Hon. Mr. CANNON: I would like my learned friend to understand my objection. If he wishes to have the witness state the facts of whatever happened in Quebec, I have no objection; but if he goes further I will raise an objection.

Mr. MORIN: It is not my intention at all.

Hon. Mr. CANNON: Not that I think there is anything to investigate at all.

Mr. WHITE: There is one item I will question.

The CHAIRMAN: If I understand you correctly, Mr. Cannon, you take the position that if this witness cares to tell he may, without objection from you,

about going to Quebec, and getting a Bill passed through the Legislature to change this child, and he can give the date of the Bill, and he can identify the Act that subsequently became law, but you object to him telling about anybody he may have seen in Quebec in connection with the promotion of the passage of the Bill.

Hon. Mr. CANNON: My objection would be for this committee to endeavour to investigate anything for which the people in Quebec would be responsible to an altogether different body.

The CHAIRMAN: I cannot just follow that, Mr. Cannon.

Mr. LENNOX: What was the question that provoked this discussion?

Mr. MORIN: He went to Quebec and secured an amendment to his charter; that is all my question.

Mr. LENNOX: There is no objection to that?

Hon. Mr. CANNON: There is no objection to that.

*By Mr. Morin:*

Q. And then you were turned down the first time in 1927?—A. Yes. The session had been on for some time when we appeared there, and when we asked for an amendment to our charter we were opposed by a very powerful body of legal talent, and we didn't get a chance.

*By the Chairman:*

Q. Who, in turn, I presume, were representing powerful financial interests?—A. They were representing powerful financial interests and power companies.

Q. Who were your opponents?—A. Mr. Montgomery was a successful one.

The CHAIRMAN: I can understand how you failed.

*By Mr. Morin:*

Q. At that time who were your partners?—A. We had a very small group. Mr. Jones, Dominion Securities, Newman, Sweezey, with a few of the friends whose names I do not recall but who constituted the members of this first syndicate. At that time I do not know whether all of the members of this syndicate were in; some of them came in later.

*By the Chairman:*

Q. You had pretty fair counsel yourself with Mr. Geoffrion?—A. Yes, pretty fair counsel.

Q. He succumbed also?—A. He was representing us, and he had agreed that we would abandon our application and tell them that we hoped to come back next year, which we did.

*By Mr. Morin:*

Q. Next session you came back with the same rights and the same reason?—A. The same reasons, only that we had had time to explain our ideas a little more to the engineering department and the Water Powers Branch in Quebec.

Q. But you had no more rights than in 1927: you had acquired no further rights?—A. No. Except we may have acquired some land. I do not question the rights; it was the Robert charter and whatever rights he had.

Q. Do you remember the date when you succeeded in interesting Senator Raymond?—A. I do not. I think we would have to depend on the record for that.

Q. Was it before the second session—before your second trip to Quebec?—A. I do not recall.



Q. I understand that you went back during the winter of 1928?—A. 1928, yes. I am inclined to think it was after that Senator Raymond came in. I am not sure. I do not know.

The CHAIRMAN: Have we not got the date? Mr. Griffith, have you got the date when Senator Donat Raymond came into this deal?

Mr. GRIFFITH: I have no personal knowledge. Senator Raymond's name does not appear—.

Mr. MORIN: I will get it. Give me the date of the Credit Generale du Canada.

*By Mr. Morin:*

Q. Well, Mr. Sweezy, I have here the stock book of the first syndicate, and I have the account of the Credit Generale du Canada. There is a letter of application dated the 26th March, 1928, applying for 800 shares?—A. Yes.

Q. \$30,000?—A. Yes.

Q. Now, will you tell me if the Credit Generale du Canada subscribed for those or somebody else?—A. I take it they were subscribing for somebody else.

Q. For whom?—A. I am not absolutely certain but I know Senator Raymond may have been in it and probably some friend of his whom I took to be possibly Mr. Timmins and, as regards that, I am speaking from what I assume without any definite knowledge.

Q. Had you any personal communication with Senator Raymond at the time?—A. I did not, but Mr. Jones had a talk with Senator Raymond two or three times. Mr. Jones, you must remember, was actively engaged with me in the effort to get this in shape for developing and finance.

*By Mr. White:*

Q. Did Senator Raymond go out with Jones?—A. Yes. They understand he was one of the ones whose shares were combined with those of Mr. Jones.

*By Mr. Morin:*

Q. Was this subscription secured through Mr. Jones or yourself?—A. I would say more through Mr. Jones than myself. I did not have much to do with it.

Q. Did you understand at the time that Senator Raymond was personally interested?—A. Yes, I thought so. I had not any definite proof.

Q. But that was your understanding?—A. Yes.

Q. I am informed by Mr. Griffith that before this date of March 26, 1928, you had in your banking house an application from Credit Generale du Canada many months before that?—A. I do not remember that. I could only go by the books. I would certainly find it impossible to remember incidents of that kind.

Q. Who is going to give us the information about it?—A. Mr. Griffith.

Mr. MORIN: Mr. Griffith, will you come here, please.

Mr. WHITE: It is in a memo which is over at the hotel, but he thinks it was in 1927.

Mr. GRIFFITH: Oh, yes. I can give as a definite fact that the Credit Generale du Canada cheque reached us sometime in 1927.

Mr. MORIN: You are positive of the fact.

Mr. GRIFFITH: There is no doubt about it.

Mr. MORIN: Have you any information whether or not Senator Raymond was connected with this subscription for 1927?

Mr. GRIFFITH: That was the assumption which I had.

Mr. MORIN: What kind of an assumption, what made you believe so?

Mr. GRIFFITH: I got it from information.

Mr. MORIN: From what source?

Mr. FORSYTHE: I wish Mr. Morin would let Mr. Griffith answer, so that I can hear him.

Mr. GRIFFITH: I think the thing that led me to assume that would be the fact that when we made the second call on Credit Generale du Canada I asked Senator Raymond for instructions or for advice in respect to whether or not they would meet that call and he advised me they would. I think that is sufficient for me to assume—

Mr. MORIN: Why did you inquire of Senator Raymond about this subscription?

Mr. GRIFFITH: I am afraid I cannot give you definite information. I had a feeling in my own mind from something that had been said to me previously—but it is not admissible as evidence—that Senator Raymond was interested in the Credit Generale du Canada application.

Mr. MORIN: Had Mr. Jones reported that to you?

Mr. GRIFFITH: He may have or he may not. I do not like to state definitely that it was Mr. Jones.

Mr. MORIN: But Senator Raymond seemed to be interested in the scheme at the time.

Mr. GRIFFITH: That he looked on it as a speculative venture and that he might put a few dollars into it.

Mr. MORIN: Was he inquiring about your progress?

Mr. GRIFFITH: Yes, I think probably about once a month he might give me a telephone call to ask how things were going.

Mr. MORIN: And that is the only connection he had with your company, through this subscription of Credit Generale du Canada.

Mr. GRIFFITH: Yes.

Mr. MORIN: Any others?

Mr. GRIFFITH: You are asking me to state things which I do not know.

Mr. MORIN: Well, as far as you know.

Mr. GRIFFITH: As far as I know.

Mr. MORIN: You did not hear that he had any other subscriptions in your syndicate other than this one.

Mr. GRIFFITH: I think I made some reference to Mr. Lefebvre, but I said I could not give any evidence about it.

Mr. MORIN: Now, those shares were disposed of.

The WITNESS: May I interject here, you are questioning—

Mr. JACOBS: What is this, a double-ring circus?

The WITNESS: In your questioning of Mr. Griffith you bring something to my mind. I did have a talk with Mr. Raymond on this thing, and I remember him saying to me—it must have been some time after he was in—I asked him why he did not come right out with it and he replied that he had often gone into things which, in their early stages, he was uncertain as to whether they would make good or not, and if he was then followed by his friends who put their money into the thing and it did not make good they might lose their money. He said the fact that he had been in the Construction Power had something to do with it and he did not want his name going into it for the same reason. There was one reason, the thing did not make good and he was more or less

ashamed of being in it. He did not want to have his name mentioned in connection with this project until he was sure he did not have to be ashamed of it.

*By Mr. Morin:*

Q. Is it not a fact, that he discussed with you the propriety of giving you his name, he being a Senator?—A. It was not the fact of that at all, because I consulted with my lawyer, Mr. Geoffrion, at the time, and Mr. Geoffrion's answer to me was, as to the propriety of a Senator being in, that we were the grantees of the province of Quebec and as such it was not improper for a Senator to own shares in a matter of this kind but, as I said, "Is it not so that we must go to Ottawa for it," and he said "you go to Ottawa under the Navigable Waters Protection Act," which seemed to carry some sort of a—

Mr. WHITE: Halo.

The WITNESSS —Halo that I at the moment did not understand. But later I understood it more clearly and understood what he meant.

*By Mr. Morin:*

Q. This happened in what year?—A. I am not sure, 1927 or 1928. I don't know.

Q. Was it before your first trip to Quebec?—A. No, I do not think so. It must have been—

Q. A long time after you secured the Robert heirs' rights?—A. I think I would only be guessing. I am not sure.

Q. Now, what happened to those shares of the Credit General du Canada? He subscribed for 800 shares and he paid them in full, I understand, Mr. Sweezy.

The CHAIRMAN: How many shares?

Mr. MORIN: 800 shares, Mr. Chairman, for \$30,000.

The WITNESS: Yes.

*By Mr. Morin:*

Q. I understand they were paid in full?—A. Yes.

Q. What happened to those shares?—A. Well, they followed the same course, the same as the other shares of the syndicate.

Q. Well, the second syndicate was formed?—A. Yes.

Q. And did he sell those shares with Mr. Jones?—A. When Mr. Jones sold out he was one of the parties who had given a proxy to Mr. Jones and he felt, as he was backing Mr. Jones that he should go out as well when he went out.

Q. Had he given a proxy in the name of Credit General du Canada?—A. I understand so.

Q. Did you understand at the time it was in favour of Mr. Jones?—A. Yes.

Q. And did you buy those shares from him of the Credit General du Canada?—A. No, I bought from Jones. The shares I got came from Mr. Jones, and Mr. Raymond's, or the Credit General du Canada, or who's ever they were, went to Mr. Jones before they came to me.

The CHAIRMAN: Is that all the shares the Credit General du Canada had?

Mr. WHITE: That became sixteen.

The CHAIRMAN: Is that all they held?

The WITNESS: I do not recall. If they started with eight it would be the same, it would become sixteen, and if they bought another sixteen it would be thirty-two.



*By Mr. White:*

Q. Of course, Senator Raymond got on the 17th of October, 1929, 350 part-interests from W. G. Mitchell?—A. I think that was a subsequent purchase after he sold out. I think he sort of felt that he might better be in it again.

Q. Getting pretty close to the 17th December, was it not?

Mr. JACOBS: What is the 17th December?

Mr. WHITE: The division of the syndicate's interests.

The WITNESS: I think Mr. Raymond felt that being a Quebecer he ought not to have sold out entirely, and I think he bought another 350.

*By Mr. Morin:*

Q. Is he still one of your shareholders?—A. I do not know. The shareholder's book would show that. I do not know whether he is or not. He might be a shareholder and they might not be in his name. They might be in the name of brokers.

The CHAIRMAN: Then, Mr. Morin, you were on the second trip to Quebec when you were interrupted.

*By Mr. Morin:*

Q. Then you had a second trip to Quebec?—A. Yes, that was in the winter of—

Q. And there you were successful in securing— —A. We had a very long fight there. We wanted an amendment to our charter.

*By the Chairman:*

Q. What was the question of the amendment to your charter?—A. Why, the charter gave us the right, whatever rights it had, to dig a canal and divert water from Lake St. Francis to Lake St. Louis, and we were obviously limited to the flow of the river for the quantity of water which we required, and which could not take care of 40,000 cubic feet. Consequently, we have to have the word "river" changed to the word "lake," and in doing so we were able to alter the direction of the canal so that the power house end of it would be on Lake St. Louis where we could build a decent power house.

Q. Where it is presently located?—A. Where it is presently located.

Q. And that is what the fight was about?—A. That is what the fight was about.

Q. Why was anybody objecting to that?—A. The power interests of Montreal, and the financial interests who were not in with us thought they should have it, I presume, or if they could not have it they did not want somebody else to have it. But the point that struck me was that here was the greatest opportunity for development in proximity to the city, and it was a huge undertaking—

Q. How did you block their opposition at Quebec?—A. Well, there was a feeling at the time, perhaps, that there might be too much of a power monopoly. I did not know what the idea was; but we thought it would be a good thing for the province of Quebec to develop that water-power in proximity to Montreal, that here was one of the greatest water-powers in the world, at tide water, so to speak where industry could be attracted from any part of the world and in which we could compete with anybody in the world, so far as manufacturing is concerned, and beat the world on cost. It was up to the province to use this and proceed with the development for the good of the province of Quebec and incidentally for the country at large.

Q. Was the opposition a sustained one at Quebec?—A. Very sustained and very bitter.

*By Hon. Mr. Mackenzie:*

Q. Where did this fight take place, in the Private Bills Committee?—A. Before the Private Bills Committee, and in the assembly and also before the Upper House. The province of Quebec, as you know, has a Senate as well as an Assembly. In the Lower House I may say that our bill was passed on a vote of 51 to 10. In the Upper House it was unanimous after a bitter fight.

*By the Chairman:*

Q. Were the interests that were opposed to you then at Quebec ultimately the interests that joined with you in the main?—A. No, not entirely; but I think the interests that joined with us in a rather modest way afterwards, or rather in a comparatively modest way, may have helped to remove some of the other objectors and fighters, although I know they are not entirely removed.

Q. In your trek to Quebec a second time, did you still have in your mind the necessity of enlisting men of influence in order to get your charter through?—A. Not so much then because I felt, having such a substantial support from the province of Quebec, and bearing in mind that I was advised by my legal advisers that the water-powers belonged to the province, undoubtedly it would be much easier to carry on otherwise than it would have been a year sooner. But I soon found a lot of other difficulty, and found it was much easier to oppose a thing than to develop it, that one man opposing would be worse than 100 other men trying to build.

*By Mr. Morin:*

Q. I understand that by this amendment you had the right to build a canal of 6 arpens?—A. Yes, that is about 1,100 feet.

Q. About 1,000 feet?—A. About 1,100 feet.

Q. So then you got from the Lieutenant Governor in Council of the province of Quebec your lease?—A. Yes, for 40,000 cu. ft. a second.

Q. So that you were ready to proceed to Ottawa?—A. Yes. Meanwhile, we were buying property. The reason that we did not apply immediately for the widening of our expropriation powers was that we felt we could buy the property without expropriating, which we eventually did. We bought a much wider strip than the 6 arpens. In fact, we bought a strip nearly two to three miles wide, and the reason for buying such a wide strip was that in the location of the canal we had to have some variation in order to take the best route with the lowest cost excavation.

The CHAIRMAN: I do not want to anticipate you, Mr. Morin, but I would like to ask just one question. Substantially, you went down to Quebec to take the word "river" out and substitute the word "lake"?—A. Yes.

Q. And that fixed up the east end?—A. Yes.

Q. And you came back to Ottawa to fix up the other end going out to Lake St. Francis?—A. Yes.

Q. The old feeder canal was no good to you?—A. The old feeder canal was no good to us. It was just the original grant, that was all.

Q. So you are coming back to Ottawa then to fix up the Lake St. Francis end?—A. To secure the approval of the remedial works that would be necessary to maintain the level of Lake St. Francis, and otherwise put in remedial works in the rapids so that the Rapids King and Queen could run as usual, and also to maintain the level in the Soulanges Canal so as not to interfere with navigation. This in turn necessitated a number of engineering works both at the outlet of Lake St. Francis and down the rapids a piece for the purpose of one-way navigation.

Mr. FORSYTHE: Will you permit me to interrupt for a moment, Mr. Chairman? I am sure you want to have the record clear. It is quite obvious that when the amendment to the charter was acquired at Quebec that the words "or on Lake St. Francis"—I am reading from page 9 11A, at the bottom of the page, on the third line, the words "or on Lake St. Francis" and if you compare that with the original 11A at the top of page 8 it read "from any point on the Feeder mentioned in section 9 of this Act." Then the words "or on Lake St. Francis" were inserted in the second amendment, so that they did obtain from the province of Quebec the right to change the intake. That was obtained in the first amendment, by the way, as Mr. Montgomery points out.

*By Mr. Morin:*

Q. So you began your trips to Ottawa in 1928, having all those rights and papers with you?—A. Yes.

Q. Then will you tell us what you did in Ottawa? Did you try to secure the approval?—A. Why, we wrote an application. That was prepared by our solicitor, Mr. Geoffrion, and we filed it in the proper departments in Ottawa, and then I went—

Mr. WHITE: It is quite confusing, Mr. Chairman. The first application to Ottawa, was in March, 1927. The second was in January, 1928. If the witness had those dates in his mind, perhaps he would be clear.

The WITNESS: I find it very difficult to remember dates.

Mr. WHITE: That is why I am prompting you, Mr. Sweezey.

The WITNESS: When it comes to a matter of dates, a matter of record, I would much sooner rely on the Secretary Treasurer who has all those in order, because that is three years ago now, and trying to remember them will only confuse my other evidence in this matter. But in substance, whether it was the first or second date that we appeared in Ottawa, our necessity was to have our plans approved under the Navigable Waters Protection Act. I don't know just what happened, but it took months and months.

*By Mr. Morin:*

Q. Before pressing your request too much, Mr. Sweezey, did you secure any subscriptions from Ottawa people?—A. No, I do not recall.

Q. When did you get Mr. Moyer's subscription?—A. That brings it down to a point now. The late W. D. Sifton was a lawyer who used to be with me in the Royal Securities years ago in a department that I was at the head of, engineering, and about this time I met Mr. Sifton, and I knew absolutely nothing about the ramifications and doings in Ottawa, or politics or politicians, and I thought perhaps—

*By the Chairman:*

Q. Just give us that again.—A. I knew nothing about politics or politicians.

Mr. WHITE: He said ramifications.

*By the Chairman:*

Q. The letter you wrote to Mr. Raymond a year or two prior to that would seem to indicate you had a rather clear view of politicians.—A. I beg your pardon, Mr. Chairman. I meant in that letter I knew those difficulties would have to be encountered but I did not know just how to encounter them, and I had Mr. Sifton with me at that time to advise me on how to get along without doing something that might be foolish. I did not know how to proceed, and Mr. Sifton was a lawyer, and in discussing with him from time to time he suggested,



or I suggested—I don't know which it was—that it might be a good thing to get Senator McDougald in.

*By Mr. Morin:*

Q. What year was that?—A. That would be in 1928.

Mr. WHITE: Oh, no, there was a subscription in 1927.

Mr. FORSYTHE: Who subscribed in 1927?

*By Mr. Morin:*

Q. You had him as your lawyer at that time?—A. Yes.

Q. Well, we have a note here that his services began on September 17, 1927?—A. Mr. Sifton's?

Q. Mr. Sifton's?—A. Yes.

Q. He died in the spring of 1928?—A. He died in June, 1928. Well, it was some considerable time after he had been with me that we discussed getting Senator McDougald interested because we felt that he had some money, and he might also be of some help to us.

*By Mr. Jacobs:*

Q. He was Chairman of the Montreal Harbour Board at that time?—A. Yes. Well, Mr. Sifton saw Senator McDougald, I did not, and he came back with the answer that the Senator could not become interested, that there was some obstacle, and that he was on a committee that had to do with the St. Lawrence, and he did not advise me to pursue the thing any further.

*By the Chairman:*

Q. What year was this?—A. This was well on in the winter. Mr. Sifton had been discussing this matter with me for some months. I don't know just when.

Q. Probably in the winter of 1927. Sifton died in June, 1928?—A. Yes. Well now, it was either in the early Spring or that Winter that he saw Senator McDougald and reported to me. He told me, however, later on that he would like me to put 800 shares in the name of Clare Moyer.

Q. Who was this?—A. Mr. Sifton asked me to put 800 shares in the name of Clare Moyer and that that would satisfy him, and later—

Q. Well, not for nothing; he was to pay for them?—A. He was to pay for them, absolutely.

Q. He was one of those that got?—A. Yes, he was one of those—

Q. Of the preferred class, as we call them?—A. Yes. Now, I did not know whether those were for Mr. Sifton or for somebody else, and he was very vague about it. I was a little disturbed, because I thought that possibly Mr. Sifton's name in this thing might be injurious to me in the province of Quebec where, apparently, Mr. Sifton was not very favourably received in certain circles.

*By Mr. Jacobs:*

Q. Not the young man. You mean the name?—A. The name, from a political standpoint.

The CHAIRMAN: I always thought the name Sifton was held in very high regard?—A. Well, I was rather vague myself as to just why it should be, but I know some of the papers were pretty hard slammers of him from time to time.

Mr. LENNOX: He was pretty nearly strong enough to beat me in 1926.

The WITNESS: That was in Ontario not in Quebec.

*By the Chairman:*

Q. Well, there was that anxiety in your mind when Mr. Sifton asked you to put these shares in Clare Moyer's name?—A. Yes. Well, he told me not to worry, that they were in Clare's name and his name would not appear, so I let it go at that for the time being.

*By Mr. White:*

Q. And then what happened?

*By Mr. Morin:*

Q. What happened?—A. And then when Mr. Sifton died—

Q. Previous to the death of Mr. Sifton did you know to whom those shares belonged?—A. No, I did not know anything definite, sir. I had my suspicions but I could never get them substantiated in any way, by cross-examining Mr. Sifton or anything else. I had a suspicion that probably Mr. Sifton and perhaps some of his associates owned those shares. I did not know who the associates were and he was very anxious that I should not know, so I just left it at that.

Q. And the shares were put in Mr. Ebbs' name?—A. They were put in Mr. Ebbs' name.

Q. And later on they were transferred to?—A. To Senator McDougald.

Q. And Senator McDougald got all the profit out of those shares?—A. I think that is what the books show. Mr. Griffith will check me on that.

Q. Mr. Ebbs never told you anything about the ownership of those shares?—A. Oh, Mr. Ebbs, later on, revealed later on that he was holding them for Senator McDougald.

Q. When did he tell you that?—A. I do not recall just how and under what circumstances.

Q. When did he tell you that?—A. I do not know. I really do not remember the dates. I assume a long time after. I do not know whether it was long after or not.

Q. Before the dissolution of the second syndicate?—A. Before the syndicate turned over to the company.

Q. Before?—A. Yes.

*By Mr. White:*

Q. He was then holding, or had been holding them?—A. He was still holding them. He held them right up to the time when they went into the company.

Q. However, he told you about it. Did he say he just held them or had been holding them for Senator McDougald and Mr. Henry?—A. I assumed they were for Senator McDougald, from what I heard.

*By Mr. Morin:*

Q. So you understood?—A. Yes.

Q. You knew perfectly well he was not holding them for himself?—A. I was quite convinced it was not for himself personally.

Q. Well now, will you give us the story of your dealings with the Sterling people?—A. Well now, the matter of the Sterling came up. I am vague on dates there too. I can just give you the approximate time. I had had several talks with Mr. Henry. The Sterling Company had been mentioned. Senator Haydon and Senator McDougald had mentioned the Sterling Company, but it was Mr. Ebbs really who spoke to me about it with any definite idea of my taking it over, and I was not very anxious to take it over. I delayed as long as I could.

Q. At that time your application was before the department, and had been since 1927?—A. Yes, I know the application had been in for some time.

Q. Were you in a hurry to get approval?—A. I was, because the time was going on, and conditions in the financial world were very good for the financing of a thing like this, or any other industrial development. I felt, nevertheless, that we were rapidly approaching a period when a crisis might arise, and we were particularly anxious to get on with this work and get it done before this crisis should arise.

*By the Chairman:*

Q. But you could not start before you got approval at Ottawa?—A. We could not start before we got approval at Ottawa.

Q. What was holding you up?—A. Just what I could never find out. It was the hardest thing to find out what the difficulty was. I met nobody who could give me anything definite on it.

Mr. JACOBS: You knew there was the question of jurisdiction, and all that sort of thing.

The WITNESS: Yes, I knew that.

The CHAIRMAN: The question has not been settled yet.

The WITNESS: I assume that might go on for a long time yet.

*By the Chairman:*

Q. So that that did not hold you up?—A. The point was we finally did get approval, but in the meantime we were approaching this financial difficulty that was coming in the world.

Q. Yes, but do you suggest that you knew that the crisis was going to come in October or November?—A. I do not suggest anything. I do not suggest that I knew when, but I was afraid it might be any time. It was quite obvious from the advice of bankers that a crisis was to be expected. How severe it was going to be I did not know, but I knew it would be severe enough to delay our financing and hang up our whole work for perhaps two or three years.

The CHAIRMAN: Go on about the Sterling.

*By Mr. Morin:*

Q. How did you happen to hear about this?—A. I am not quite clear with whom I discussed it first of all. I discussed it with Mr. Henry. Senator McDougald mentioned it to me.

*By the Chairman:*

Q. You say Senator McDougald mentioned it to you?—A. Well, he thought it was a good thing, a good company, and a lot of work had been done on it and Henry was the man who had done the work, and there was a certain opposition there that we had to remove.

Q. An opposition that you must remove?—A. I mean there was a certain claim, or prior claim. I did not know just how serious it was, or how important but I thought the removal of that might assist us in getting along a little faster with our work.

*By Mr. White:*

Q. Did the company carry with it Mr. Henry?—A. A gentleman whom I had a very high regard for.



*By Mr. Jacobs:*

Q. And such a high regard that he is now General Manager of the entire works?—A. Yes.

*By Mr. Lennox:*

Q. Did you know Senator McDougald was interested?—A. I did not know definitely but I assumed he was. I did not know to what extent he was interested, in fact, I do not know yet to what extent, except what I heard from Mr. Henry the other day.

*By Mr. White:*

Q. Are you suggesting you could not have got Henry for \$40,000 a year and a lot of shares in your company without buying the Sterling?—A. I do not know. I am not suggesting that at all.

Mr. WHITE: I would not think so.

Mr. JACOBS: You looked upon it as a "sterling" proposition.

Mr. WHITE: In the sense of pounds, shillings and pence sterling.

*By Mr. Morin:*

Q. Tell us candidly, Mr. Sweezey, why did you buy this company?—A. I regarded this thing as a possible obstacle to the progress of our work.

Q. And the obstacle was what?—A. In the first place they had a prior application, and that may be something that was of more importance than I would attach to it. And, as you know, a prior applicant has more rights than anybody else. I have always been ready to believe that.

Q. Who led you to believe that, who told you that a prior applicant had more rights than any other one?—A. I think that was the generally accepted belief. I think it is still accepted everywhere.

Q. Did you know that before buying the Sterling Company?—A. That a prior applicant had more rights than any other one?

Q. Yes?—A. Oh, well, that is always what I have been given to understand. For instance, in mining circles it is a well known fact that a man who stakes first gets there first.

*By Mr. Lennox:*

Q. What greater obstacle was the Sterling Industrial than the Transportation & Power which had filed an application two weeks before?—A. Well, there was this difference: That in the case of Henry and Senator McDougald, and, as far as I know, perhaps some other substantial men, I think they certainly had substantial ability, both financially and from a practical standpoint, whereas the others had nothing, to my mind. They did not appear to me as having any great ability to carry through a work of this kind. Nor did I think they had any financial ability; in fact, I knew they had not.

Q. But the obstacle might still be there?—A. The obstacle might still be there, yes, but their ability to carry through the project is what I had in mind.

*By Mr. Jacobs:*

Q. You knew what they consisted of because of your experience with them. The McDougalds and Henrys did not try to borrow fifty cents from you from time to time?—A. No.

*By Mr. Morin:*

Q. That was your first reason. You said you had another?—A. I do not know that I had a second, but I think probably I felt that Mr. Henry and

Senator McDougald would have much more ability to prove their capacity to do this developing than the other group would. They were really more or less formidable as rivals in the event of a clash of interests.

*By the Chairman:*

Q. But you owned the Robert rights?—A. Yes, sir.

Q. Were not they of any value to you?—A. They were, and I considered them much more valuable than this. But here was the situation: We were faced with a prior application surrounded with certain perhaps mysterious personnel of whom I knew but two.

Q. You knew McDougald, you knew Haydon, and you knew Henry?—A. Yes. I did not know whether Haydon was in it or not.

Q. I thought you said he talked to you about it?—A. I did not know whether he was merely a legal adviser or not, or just merely interested in the company. Now, here we were faced with the problem of paying perhaps 8 or 10 per cent of our situation to clear and remove this obstacle from our path, and faced with the fear that I mentioned a while ago of the necessity for haste, endeavouring to get our financing done, and it was a question of whether I was not doing the best thing possible for the people who had put their money in with me to get them here and compromise and get ahead with the big development.

*By Mr. White:*

Q. Well, you have not told us where you were going to get the political influence?—A. I do not want to guess anything on that. This political influence, I think, is rather an illusive term.

Mr. JACOBS: Those things are too sacred to be mentioned.

Mr. WHITE: The witness, Mr. Chairman, has told us he was dealing with the Sterling matter, and about those who had financial and engineering ability, but up to now he has not told us how he was going to get the political obstacles removed. I was interested in that.

The WITNESS: I prefer not to say too much about political influence, because no two people regard political influence with the same meaning; there is a varying shade of meaning for anyone to use.

Q. We will take your definition.

The CHAIRMAN: Perhaps your conception of it will be a new one.—A. Well—

Sir EUGENE Fiset: I understand he means departmental.—A. Well, it might be departmental. I suppose, when it comes to that kind of a definition, I think everybody is entitled to his opinion.

The CHAIRMAN: Let us have yours.

The WITNESS: Well, I do not know that I have a very definite one. It varies every day.

*By Mr. White:*

Q. What is it to-day?

*By the Chairman:*

Q. Go back to the day you first met McDougald and Haydon, and give us your conception of that.—A. Well, I don't know—I was learning a lot, and I think I know less to-day than I did then as far as political interpretation goes.

Mr. JACOBS: You have to start all over again.

*By Mr. Lennox:*

Q. I suppose the truth is, you wanted to get men who had influence with the Government?—A. I think probably that is the soundest basis upon which to express it.

Q. Whose influence might sway their judgment in your favour?—A. Yes, or remove obstacles from my path because during all this time we were here in Ottawa, there was a continuous attack on us by various groups of people who wanted to oppose us in 101 different ways, and who did not hesitate to use all kinds of vilifying forms of attack in a subterranean way.

*By the Chairman:*

Q. Can you give us one group?—A. If I were to mention some, I might perhaps bring a lawsuit on my head.

Q. No.

Mr. JACOBS: Not before this committee.

Mr. WHITE: You are privileged before this committee.

The WITNESS: Probably one of the most active groups was the Transportation and Power group, and some of the other power companies in the province of Quebec who regarded us as interlopers of the power companies.

Q. The Montreal Light, Heat and Power Company?—A. Montreal Light, Heat and Power Company, the Shawinigan Power Company, and the Canada Steamship Lines. We were providing the most important link in the deep waterways of the St. Lawrence river, providing we were permitted to divert water, we were providing what was supposed to be a \$16,000,000 canal on that stretch of the river for navigation.

*By the Chairman:*

Q. These various companies that were in opposition to you, as it ultimately was disclosed, were just building up a case for themselves, so that you would have to take care of them?—A. Well, not necessarily that. I think what they were trying to do ultimately was to block us, so that they might pick up our assets for a song. I think that was what was in the minds of those who were opposing us.

*By Mr. White:*

Q. They would have to get Caruso to sing that song.—A. Well, I don't know. Many a time I would have been glad to have abandoned it, if it had not been that many of my friends were in this thing—

*By Hon. Mr. Mackenzie:*

Q. Is that opposition still in force?—A. To some degree, but more difficult to find now, although on the other hand, it occasionally rises.

*By the Chairman:*

Q. Did you settle with any of the other prior applicants?—A. No, sir.

Q. You just settled with Sterling Industrial?—A. Yes, sir.

Q. You settled with them because Senator McDougald and Senator Haydon and Mr. Henry were interested in it?

*By Hon. Mr. Mackenzie:*

Q. Is there any evidence that Senator Haydon was in this company? I do not think there is anything on the record regarding this.



*By Mr. Jacobs:*

Q. Was Senator Haydon associated with Mr. Henry and Senator McDougald?—A. No. Senator Haydon, as far as I know, was merely solicitor in their office.

*By the Chairman:*

Q. I thought you said a little while ago he had spoken to you about it?—A. We asked him about this thing, and he said, "Yes, it is in my office; we have got it here," but I did not work it with Senator Haydon, it was with Mr. Henry, and Senator McDougald, I worked on a basis upon which we would make an exchange. The situation was, we had no money to give them, and if we had had some money we might have got a line—we had to have the shares of the company whose securities were not reaching an issue. It was a difficult situation.

Mr. WHITE: That was not very difficult, because you had made it optional on approval being granted.

WITNESS: That was a safeguard for ourselves. Supposing we had not succeeded. We had some assets in regard to the province of Quebec, at least, that would have had to have been distributed. Now, to have taken in somebody else in the Sterling, and to distribute to them would not have been fair, but we said, "If we get through Ottawa, then we are willing enough to let them share in the distribution."

Q. The reward was great, if approval was obtained, was it not?—A. The reward was certainly greater, if we got through Ottawa.

Q. The reward has been great, has it not?—A. The reward has not been very great to some of us as yet.

Q. To those people who sold you the corporation, the reward has been great?—A. That is different, yes.

Q. These are the people I am talking about.—A. Yes.

Q. The reward to them was great?—A. Yes.

Q. If you succeed in getting this Order in Council passed?—A. Yes.

*By Mr. Morin:*

Q. You perfectly understood you were getting nothing except their influence and help?—A. Well, the removal of their—

Q. Obstruction?—A. Obstruction. For I felt this, if we refused to deal with them they would settle with us in another way, and get their plans approved.

Q. You know perfectly well they had no chance to succeed, and had no rights in the province of Quebec?—A. I did not know that. They might have got something here, and might have elicited help from other people, and perhaps ended in beating us. They could have gone to Quebec and they could have said to Quebec, they could carry through better than we could, and they might have got—

Q. Did you know Henry had been working on it since 1922?—A. Yes; I found Henry eventually was the one man whose ideas came closer to mine on the plan of development than anyone else. I was particularly intrigued with his ideas in this regard, and in discussing with him I felt from the very first that he would be a good man for me to take into our company for the purpose of carrying on the plan we had in mind.

Q. You did not take him over until after the approval was granted?—A. No, because we had no money with which to engage him.

Q. But you had issued 2,000 units?—A. Yes.

Q. Before Mr. Henry had dissociated himself with Railways and Canals?—A. Yes—well, I do not know whether he was in the Railways and Canals then. I am not quite clear on this. I think he was with the C.N.R. at that time.

*By Mr. White:*

Q. Before he went into the Department of Railways and Canals?—A. That was before.

Q. Before he went to the department?—A. When he went into the Department of Railways and Canals it was a complete surprise to me. I was disappointed. I thought he was not coming in with us, in the way I would like to see him. It was in my anxiety to get Mr. Henry—I thought the power companies were in a position that they could prevent any engineers working for us. That is how, for instance, we had to get Mr. Lee, although an American citizen, who had done some big works in Canada. He was one of our good engineers. Mr. Henry I looked upon as one of the best Canadian engineers I could get, and I was very anxious to have him connected with the company.

Q. He has never done any engineering for you?—A. Not for us.

Q. No?—A. But I knew his ability.

Q. Why discuss him as an engineer?—A. Well, he does not have to work for me in order that I should know his ability as an engineer.

Q. You were not using him as an engineer. You were using him as manager of the company.—A. Well, his whole engineering undertaking has not anything to do with—he is more an engineer than a financier.

Q. Has he ever drawn a plan in connection with this?—A. Certainly, working on plans and engineering ever since he came to us, right in the very thick of it.

Q. And managing this vast enterprise at the same time?—A. Yes, the vast enterprise is an engineering enterprise.

Q. I understand that his contract does not call for engineering?—A. He is an engineer, it does not have to call for it.

Q. I know he is an engineer, but the contract does not call upon him to do any engineering.—A. Well, I would not have a man in that position unless he were an engineer.

*By the Chairman:*

Q. Did you go to Henry, or did Henry come to you?—A. No; I think I made the first intimation to him that he should join us. I do not recall whether he came to me or whether I came to him. I cannot remember where we first met.

*By Mr. Morin:*

Q. How did you happen to learn of the Sterling company?—A. I think Mr. Griffith told me at one time that this application was ahead of us. It was discovered that this application was on the files, and it began to assume some importance later on.

*By Mr. White:*

Q. When you found out you were behind it?—A. I do not know when that was; I know it was brought to our attention, as an important obstacle in our way.

*By Mr. Morin:*

Q. Were you given to understand that if you bought this Sterling you would secure some important?—A. No, there was no definite understanding. We felt that if it did not get through on a certain day, the Sterling would be out, as far as we were concerned.

Q. Compromised their help?—A. I do not know they promised their help. That was not the time or occasion to really give any help.

Q. Where is there anything in the record that the application of the Sterling had been withdrawn. There is nothing?—A. You mean withdrawn since we took it over?

Q. Yes.—A. Well, I should think it belonged to us.

Q. Did you tell the department you had bought the Sterling?—A. No. I did not consider the department granting it, after they had granted us—

Mr. JACOBS: There was noting to grant.

The WITNESS: Nothing to grant then.

*By Mr. Morin:*

Q. Did you tell the deputy minister or the engineers?—A. I do not know. It did not make any difference.

Q. So they never knew you had bought the Sterling people?—A. I do not know whether they did or not.

Q. You did not tell them, anyway?—A. No. I do not think it would make any difference. I do not know whether Mr. Griffith might have told anybody anything. I did not see the government officials very much; they were hard to see.

Q. So you had this stipulated deal upon which the approval was to be finally granted?—A. Yes.

Q. What did happen?—A. You mean the stipulation in the agreement of sale?

Q. Yes, there was a deal?—A. Yes, there was a deal.

Q. Fixed?—A. Yes.

Q. When approval should be granted before the month of February?—A. Yes.

Q. And February passed, and no approval?—A. Yes, and no approval, and then we—

Q. You extended the time?—A. We extended the time a little while.

Q. Under what circumstances?—A. Because we had hopes of having our approval put through. If we had not gotten it, we probably would have more obstacles.

Q. With whom did you negotiate for the extension of time?—A. Mr. Henry and Mr. Ebbs.

Q. Was Senator McDougald there?—A. I think Senator McDougald was always in association with them.

Q. You must have got a report on the second approval? Did they make a report?—A. Any reports would be verbal.

Q. What did they tell you. They must have told you something to ask to grant a further extension of time?—A. I do not remember what they told us. Simply hoping—if we would work the matter harder we would get it.

Q. They told you to grant them another extension in time, I suppose, and the deal would go through or we have hopes the deal would go through.—A. Yes. We were in close contact with the department ourselves. We had hopes it would go through any time. When this question of the ownership of the waterways in the province or Dominion was settled—

Q. Did they tell you that they had done something?—A. No.

Q. To secure approval?—A. No. They would not tell me they had done anything. They were very careful as far as that is concerned, no commitments of what they had done.

Q. When was the decision of the Supreme Court given, do you recall Mr. Sweezy?—A. I do not recall, now, but I think it was in 1928, I think it was either January or February, somewhere around there, or the month of March.



Mr. MONTGOMERY: 1929.

*By Mr. Lennox:*

Q. An association of Mr. Henry and Mr. McDougald?—A. Yes, and perhaps some others whom I do not know.

Q. Mr. Henry's asset was by reason of him being an engineer?—A. Yes.

Q. What was Mr. McDougald's asset?—A. Well, he had some money, and he might be able to influence the men, because there were several power companies. If he had thrown in his lot with them, it might have been a different proposition.

Q. You felt he had a great deal of influence with the Government?—A. I thought he was always in a position—not only due to his influence with the Government, but I was more scared of his influence joining with other influences who were working hard against us, and I was anxious—

Mr. MONTGOMERY: February 7th, 1927, was the date of the court judgment.

The WITNESS: I know other companies composed of Senator McDougald and two or three other influences and working as they would, was one thing that scared me.

*By Mr. Morin:*

Q. Did you say Mr. Swezey, that you did not refer to the political influence of Senator McDougald?

*By Mr. Lennox:*

Q. With you in possession of the Robert interests, how could any other company carry on?—A. I don't know, but I felt pretty secure when I had the Robert interests taken on, until I came to Ottawa.

Q. Looking back in the experience you have had, would it be possible for any other company to carry on in view of the fact that you owned absolutely the Robert interests?—A. I do not think it would sir, but it might have bothered me just long enough to get into the difficult period that I referred to a while ago, in not being able to finance the matter, and that would be tantamount to failure, because with a syndicate trying to carry on under limited liability, we would all have been ruined. At that time our syndicate had liabilities at the bank I think something like six millions, apart from the money we had spent, and only about 20 members able to meet it. I do not know that we could meet it, but the syndicate had the liability.

*By Mr. Morin:*

Q. Did you tell us, Mr. Swezey, that you did not take into consideration any political influence on the part of Senator McDougald?—A. No, I did not state that, I qualified it by not wanting to introduce a shade of meaning into the discussion. I find that to be an expression which has various meanings. Having political influence is a very illusive term.

*By the Chairman:*

Q. What?—A. I mean it represents an illusive term. I do not want to use that word.

Q. That is, the definition?—A. Yes.

Mr. JACOBS: You concur in that view, I hope?

The CHAIRMAN: I have not been long enough at it.

*By Mr. Morin:*

Q. Now, all the shares were put in Mr. Ebbs' name, as Mr. Griffith told us.—A. Yes, as the record shows.

Q. And then transferred to Senator McDougald?—A. Yes.

Q. And he got a profit?—A. Yes.

Q. On the shares from the Moyer subscription?—A. Yes.

Q. And from the Sterling?—A. From Moyer to Ebbs, from Ebbs to the Senator.

Q. And then Sterling to Ebbs, and Ebbs to Senator McDougald?—A. Yes.

Q. How much profit is he supposed to have made?—A. Senator McDougald? I have not figured it out, but if you add 2,000 shares of Sterling, he would have received \$300,000 cash on that, plus 2,000 by 80,000 company stock—

*By the Chairman:*

Q. If he had to sell, he would not get that, but if he had to buy he might pay a little more?—A. Then, the profits on his 3,200 shares for which he paid, I think \$190,000 in cash, and received \$100 a share in cash in the distribution, that is about three quarters of a million. So if you put the two together, the Sterling and this, it is roughly around one million.

Q. Costing him how much?—A. I don't know if his was the same as Mr. Henry's or not, I presume the same.

Q. And then, I see in the list that he is a holder of shares of over 200,000.—A. Yes. That would indicate that in his name then, are placed all the shares of the Sterling, 2,000 would illustrate—2,000 would result from the 2,000 and all the shares resulting from the 3,200 that he had in the second contract; so that he has 40 times 5,200, which is a matter of 208,000.

Q. Yes, I presume it does. There is a list here of it, and I presume that is what—

Mr. LENNOX: These 208,000 shares are quoted on the market at \$5?—A. They may be quoted at \$5, \$5 to \$6, but if you tried to sell them—

Mr. JACOBS: If you threw 200,000 shares on the market it would create a panic.

Mr. LENNOX: That would affect every stock.

*By Mr. Morin:*

Q. You consider them some value?—A. I consider them some value, depending on our ability to see this thing through.

Q. Have you yourself bought any on the market since?—A. I have bought on the market; I might say I have got some on the market, and I have bought some from my friends who happened to be hard up and asked me to take care of them.

Q. How much did you pay?—A. I paid anywhere from three and a half to eight, nine, and some at ten.

Q. Ten dollars a share?—A. As a person came to me, and said he was hard up and asked me if I could take care of his stock—

Q. Do you know the market sold at fifteen?—A. That is at one time, but I do not think it was a very substantial market.

Q. I understand that they were priced on the market at \$15 a share?—A. Some, but a very few transactions at that price.

*By Mr. Lennox:*

Q. Mr. Sweezey, you said Mr. McDougald got approximately \$1,000,000. If he sold those shares?—A. I said in cash.

Q. He would have \$2,000,000?

Mr. JACOBS: He couldn't get that price.

A. If he sold at \$5.

Mr. JACOBS: If he sold at \$10, he would have twice as much.

Mr. LENNOX: I am speaking of the present market value.

Mr. JACOBS: There is no present market value.

Mr. LENNOX: As quoted in the papers to-day.

The WITNESS: I do not think you would find a buyer for that much.

Q. Of course, you could not, but you could release them in small lots?—

A. Over a long period.

*By Mr. Morin:*

Q. Now, we have Senator Paradis, he is one of your directors?—A. Yes.

Q. How many shares has he?—A. I understand that Senator Paradis may have one thousand, maybe a little more, maybe two thousand. I don't know.

Q. Has he paid for his shares?—A. Yes, as he came in after the company was formed. In fact, I don't think I knew him before. The reason we had Senator Paradis for was—

Q. I do not want to ask you about the details.—A. Alright, I thought I might explain.

Mr. FORSYTHE: No reason why he should not explain.

Hon. Mr. MACKENZIE: We got the reasons from the others. I do not know what this is all about.

*By Mr. Jacobs:*

Q. He bought and paid for his shares?—A. He bought and paid for his shares.

*By Mr. Morin:*

Q. He bought the shares and paid for them at the market price?—A. Yes.

Q. You sold him his shares, I think?—A. I suggested to him where he might get some; I helped him to get them.

Q. Do you know how much he paid?—A. He must have paid—at the time the market was, I think, around \$8 or \$10 a share, and he got them one or two points under the market. If he had tried to buy them—I knew somebody who wanted to sell them, and he sold to Mr. Paradis. If he had tried to unload, well, he would have put the market down, and on the other hand, if Senator Paradis had tried to buy, he would have put the market up.

Q. Now before this Senate committee in 1928, I see that Senator McDougald was very much interested and that Mr. Starr, now acting for Senator McDougald here, at that time appeared before the committee on behalf of the Dominion Securities Company, your partners at that time.—A. I do not know that the Dominion Securities were partners as a corporation; some of the individuals in the Dominion Securities were.

Q. Who?—A. One or two individuals.

Q. Do you know what interest they had before this committee in 1928?—A. I do not recall other than I had been discussing with them this great project of developing the water power on the St. Lawrence. I think they wanted to know what it was all about.

*By Mr. White:*

Q. Were they not members of the syndicate?—A. One or two might have been; I think probably Mr. Steele, who was one of their employees, held stock in the syndicate, held it as an individual, not as a company. Whether he was also there on behalf of the company or himself, the connection is not denied with the Dominion Securities, obviously. I do not want to see them as a corporation—

Q. Do you know, as a matter of fact, that the Dominion Securities were not real members of your syndicate, the corporation itself. Mr. White tells us, you know—A. Well, I only can say what I said a little while ago. Whether Mr. Steele was for the Dominion Securities or not, does not make any difference.



Q. Mr. White has told us that he was acting first for the Dominion Securities?—A. I would not say that. He is an individual member of the board. We do not recognize the Dominion Securities. We know that he is the president of the Dominion Securities.

*By Mr. White:*

Q. If he were not, would he be a member of the board?—A. He may, because he is a member of the board. He might have been just the Dominion Securities to-day, and still be a director.

*By Mr. Morin:*

Q. Did they help any?—A. Well, they bought an issue of thirty millions of us.

Q. I beg your pardon?—A. They bought an issue of thirty millions from us, they and Newman, Sweezey and Company.

Q. Do you know of any interest this corporation had except being interested in this project?—A. No, I do not think so, because I had discussed this with him and tried to work up enthusiasm to the point of assisting us when it came to the point—

Q. Well, at page 23 this is what is said:—

Mr. J. R. L. STARR: Mr. Chairman, I have been asked to attend here by the Dominion Securities Corporation, of Toronto, to assist the Committee in getting the fullest possible information on this whole question, and with that object in view I am submitting to you a list of witnesses, whom you will all recognize as very prominent engineers and prominent men, and whom I would like called, to be heard here. Later on, to save time, if you think that advisable, I would take the witnesses over the proposition; but that is in your hands.

Hon. Mr. MURPHY: Before we get into that, Mr. Chairman, how and why are the Dominion Securities Corporation interested in this matter? What is their interest in it?

The CHAIRMAN: I do not know. Perhaps Mr. Starr would read the names of the persons.

Hon. Mr. MURPHY: That would hardly give us the information for which I have asked.

Hon. Mr. DANDURAND: Yes, I am surprised at the Dominion Securities Corporation. All the trust companies in Canada might rise up and bring us a list of witnesses and we would be here until doomsday.

Hon. Mr. MURPHY: Certainly we would. What is their interest in that?

Hon. Mr. LYNCH-STANTON: Why should they not tell us, anyway, no matter what their interest is?

They were asked what this corporation had before the committee, so Hon. Mr. Murphy says,

I do not object to Mr. Starr making the statement. I merely want to know what is the status of the people whom Mr. Starr represents before this committee, that is all. I do not object to his making a statement. Surely we are entitled to that information.

The WITNESS: I think I know, Mr. Morin, what that refers to. I did not recall it until it was mentioned to me just a few minutes ago.

Q. Then, just to complete that before you answer, Mr. Starr said, in answer to a question from Hon. Mr. Lynch-Staunton,

I could not, because I never asked them what their interest was. They simply asked me to arrange for the calling of these witnesses. I had not the curiosity that the honourable senator here has, to ask them why; but I have no doubt I can procure that information for you.

And the matter was dropped.

Mr. WHITE: Who was it they wanted to call?

Mr. STARR: I produced the information.

Mr. WHITE: Whom did they want to call?

Mr. MORIN: They wanted to call Mr. Hogg, an electrical engineer, Mr. Brown, a Hydro Electric engineer, I understand he is now one of your engineers, Mr. Sweezey?

The WITNESS: Yes, sir.

Mr. MORIN: And Mr. Grant, government engineer, on the Welland canal, General Tremblay of the Quebec Harbour Commission, Loring Christie, Legal adviser of the Ontario Hydro-Electric Commission, Mr. Thomas Harling—

The CHAIRMAN: Is that the Mr. Christie who is here?

*By Mr. Morin:*

Q. The Mr. Christie who is now connected with you and Mr. Henry?—A. Yes.

The CHAIRMAN: You picked out the live ones.

*By Mr. Morin:*

Q. In that connection, who paid the bill of Mr. Starr?—A. I don't know; somebody told me a while ago the bill was paid by the Dominion Securities, and they collected from us. I do not recall that.

Q. We have a note from the auditor that the bill of Mr. Starr was \$5,512.70, and it was paid to Mr. Starr by cheque of the Marquette Investment Corporation, endorsed by Mr. Starr. Have you any particulars to give us about that?—A. I do not know anything about the cheque; I do not recall it, but if you say it is there, it must be. I have not answered your question yet.

Q. Who is going to supply the information? I presume Mr. Griffith, the secretary-treasurer could do that.

Q. Now, will you please answer the question. What is your interest with it?—A. The interest is this; at the time, as I told you a while ago, the various power companies in the province of Quebec and the navigation companies, were fighting tooth and nail to prevent the Beauharnois company developing anything on the St. Lawrence, and we appeared before the Senate committee to hear those experienced or technical men who were opposed to any development, such as we were proposing, and to hear what the other companies would suggest, and who were anxious to have the Senate hear the other side of the question, and to get our picture before them, and I think on the basis, as I recall it now, we probably asked the Dominion Securities to assist in getting somebody to appear before the Senate,—

*By Mr. White:*

Q. Was not the Dominion Securities a member of your syndicate at that time?—A. I do not know as a corporation, Mr. White. I think they were; Mr. Steele represented them. Mr. Steele is a director of the Dominion Securities.

Q. You are making a much finer distinction than Mr. White did.—A. I do not say it was the Dominion Securities. There was really this distinction. One is a corporation, and the other is an individual.

*The Chairman:*

Q. Mr. Sweezy, Mr. Griffith gave evidence in respect to the Sterling Industrial Corporation, and he did not think the assets of the Sterling Industrial Corporation amounted to anything?—A. Neither did I.

Q. That is what we have been trying to find out.—A. I did not say they had any assets. We were just afraid of so many obstacles.

Q. It was an obstacle?—A. The application.

Q. You wanted to complete removing the obstacle by making them a partner?—A. I do not know that it was along that line. I do not know whether he was alone or not. If I thought that he was alone, I would not have been so anxious to work it. I thought he might have others.

*By Mr. Jacobs:*

Q. Mr. Henry was with him?—A. Yes.

*By the Chairman:*

Q. You wanted to remove McDougald and anyone who might be associated with him out of your power, and enlist him as one of your forces to procure the rights you needed.—A. I didn't—I thought perhaps that some others—

Q. Is that right?—A. Yes. And I was afraid some of the power interests might incorporate with him and develop their idea and leave us out.

Q. Get a bigger senator?—A. I don't know about the bigness of the senator, they might have got more water.

Q. I cannot conceive that as being possible.

Will you listen to what Mr. Henry says in answer to a question? He makes it quite clear, in a question put by me. This is the question "Let me put it this way Mr. Henry. When you filed your application did you feel you had any right over anybody else to be favourably considered by either the province of Quebec or the Dominion government?"—A. Well, as I explained, Mr. Gordon, I did not think that I had any right, so far as the province of Quebec was concerned, because I had proceeded upon the hypothesis because the Federal government probably had in mind developing this power itself, and therefore if the provincial rights question was to be dealt with, it would be dealt with by the federal government; so I made the application to the federal government, and even so far back as 1928 I was not sure in my mind whether the federal government or the provincial government had the right.

Q. Am I right in this, Mr. Henry, that you, having the knowledge you did have of the possibilities of this section, took the steps you described of placing an application on record with the Dominion government and at the time knowing that others were interested in the project as well?—A. Oh, yes.

Mr. WHITE: Just before we adjourn, Mr. Chairman. There is a question of Mr. Jones coming back here. I was wondering when it was going to be convenient for us to hear him.

Mr. LENNOX: I want to make a motion before we adjourn. I desire to make a motion, seconded by Mr. Jones, Mr. Chairman, that the chairman be authorized to move in the House of Commons that a message be sent to the Senate requesting their honours to give leave to Senators McDougald, Haydon and Raymond, three of their members, to attend and give evidence before this committee.

The CHAIRMAN: Are you all in favour of the resolution?

Carried.



Mr. WHITE: What about Mr. Jones? When shall I ask him to come back?

The CHAIRMAN: Just as soon as you can. We are not through with Mr. Sweezy?

Mr. WHITE: No.

The CHAIRMAN: It is now six o'clock, and we shall adjourn until 8.30.

Committee resumed at 8.30 p.m.

The CHAIRMAN: Mr. White, I wish you would call Mr. Moyer again.

CLARE MOYER recalled.

*By the Chairman:*

Q. Mr. Moyer, with respect to the position that you very properly took to-day regarding the privilege attaching to communications which may have been made to you by your clients, you are to be commended for the care that you took, and it is proper that you have raised that point; but I have gone into the law as well as I could during the adjournment, and I am strongly inclined to the view that there is no such privilege attaching to the relationship which apparently existed between you yourself and Mr. Sifton, and I make the ruling with a degree of reluctance, but at the same time I am convinced that there is no such privilege attaching to those communications, and I am going to order that you answer the questions. Now, you have a right, of course, to refuse to answer in spite of the committee. I am persuaded that there is no privilege attaching to such communications?—A. I accept your ruling. As a matter of fact, there is nothing more I can say.

Q. I am very glad to hear that, because when you take the position that communications are privileged, and, they are not, particularly in a proceeding of this character, it might give rise to fantastic imaginings that have no foundation in fact and be hurtful to you and to your clients.

*By Mr. White:*

Q. The point we got at, Mr. Moyer, was that you turned over the 1,600 fully paid part interests in the Beauharnois Power Syndicate, and 1,600 partly paid units to Mr. Ebbs on instruction from your client who was Mr. Sifton?—A. Yes, sir.

Q. And that those instructions involved the turning over to Mr. Ebbs of these part interests, fully and partly paid as they were, on instructions or at the request of somebody else?—A. Yes, sir.

Q. Who was the other person?—A. Prior to the death of my client—as I explained this afternoon he had a bad attack and feared he would die—he said at that time, “in the event of my death you will have to take someone’s instructions to carry out the trust that you are now performing for me.” This afternoon I was asked a question pretty much along that line, and I mentioned the name of Mr. Ebbs. Mr. Ebbs was not the man who made the nomination in the first instance; he was the nominee of the authority to whom my client referred me, and he was nominated by Senator McDougald.

Q. Mr. Ebbs was nominated by Senator McDougald to receive the shares from you?—A. Yes, sir. As a matter of fact, after Mr. Sifton’s death, I received no instructions and did nothing for quite a considerable time, for several months. During that period I received calls for further payments on the second subscription, and, finally, shortly before or at the time at which the

transfer took place—I think it was within a day or two of it—I was instructed from Senator McDougald to take Mr. Ebbs' instructions and turn over to him whenever he should suggest.

Q. I see. And when you received these calls, with whom did you communicate?—A. I did nothing. My instructions from Mr. Sifton had been to do nothing until I heard from Senator McDougald. Whether he knew about the calls I do not know. As a matter of fact they lay on my file, from all I recall, about a month. No money was paid to me or by me after Sifton's death.

*By the Chairman:*

Q. You do not know the relationship that existed between McDougald and Sifton?—A. Not at all, no sir.

*By Mr. Lennox:*

Q. Do you know whether the shares were bought for Sifton or for McDougald?—A. As I said this afternoon, I have no reason to think that they were not bought by Sifton for himself. He told me he was my client, and he wanted me to buy them for him.

Q. Did he give you any reason?—A. No. Our transactions—Sifton's and mine—were entirely verbal—no written records. He trusted me, as I said, and he continued to trust me; after his death, I carried out his trust.

*By the Chairman:*

Q. It was Sifton's money that you got that paid for the stock?—A. As far as I know. Certainly money he gave to me.

Q. Sifton's check went to you at any rate?—A. Yes—ah—I do not remember the form of the payment. As a matter of fact, anticipating that the committee might want to trace those payments I have been in touch with my bank since this investigation started. The bank cannot tell me the origin of those payments. As I recall it they were drafts that did not bear Sifton's name or any other name.

*By Mr. White:*

Q. You mean bank drafts?—A. Yes, bank drafts—yes, two were bank drafts, and the first was in cash.

*By the Chairman:*

Q. How much money?—A. \$15,000.

Q. In legals?—A. In \$1,000 bills. Yes, I think it was thousands. It was in bank currency anyway. Sifton went with me on that occasion to the bank and I made the deposit. The other two were bank drafts.

Q. No explanation from Mr. Sifton why he should pay it in legals or cash?—A. No, he did not explain it at all. I suppose he had reasons of his own for not wanting his name to appear, otherwise he would not have chosen me as his solicitor and representative.

ROBERT O. SWEEZEY recalled.

*By Mr. White:*

Q. Just to clear up this matter that we have been dealing with, Mr. Sweezy, do you consider that Senator McDougald's financial interest in this Beauharnois project commenced with the Moyer subscription?—A. Well, I really do not know. I do not know just where it commenced between Mr. Moyer and Mr. Ebbs. I do not know at what point it commenced between Mr. Moyer's entry and Mr. Ebbs's entry.

Q. You have never discussed it with Senator McDougald?—A. No sir.

Q. Never discussed it?—A. I never discussed the time of his entry into the thing. After he acknowledged he was in, I discussed Beauharnois with him quite freely.

Q. Mr. Sweezey, I hope you realize that this was a substantial interest?—A. Yes.

Q. That Mr. Sifton—Mr. Winfield Sifton was acting as your solicitor?—A. Yes.

Q. And that the personnel of your associates at this stage particularly was of almost supreme importance to you, do you agree with me?—A. Yes. It depends upon what you mean by supreme. But it was important that I should have got people able to—

Q. And nobody in there who was going to buck you?—A. Yes. I assumed that if they were in they would not buck.

Q. I know you assumed, but that turned out to be not quite the case, didn't it? Because at a later stage, Senator McDougald subsequently turned out to be later, at least, interested in this subscription of Mr. Moyer's and was an obstacle whom you had to pay a large sum of money to to remove from your path?—A. Yes. That is almost as bad as a buck.

Q. That is what I would call bucking it. I apologize for the use of the slang. I was brought up on a farm. One gets back occasionally to these bucolic expressions. And you propose to tell us, in the face of the importance which this matter was to you and the importance which you admit of carefully selecting those who would be associated with you, that you did not know whether or not these shares were held by Mr. Sifton personally or by him for Senator McDougald?—A. No, sir; I did not know. I had, sir, suspicions, but I have found from time to time I might have been wrong in my suspicions. But I certainly did not know who precisely Mr. Sifton was holding those shares for.

Q. Did you know he was holding them for somebody besides himself?—A. I assumed that somebody besides himself must be associated with him, because I do not think he had personally the money to do it alone. Just who it was I did not know.

Q. May I take it that you did not consider it of sufficient importance to have gone to him frankly and said, "Now, who is in this deal with you"?—A. I assumed in due course I would find out.

Q. I know, but you were coming up to a point pretty soon where you were either going to succeed or fail in what I assume to be now pretty much your life's work?—A. No, sir; there was still the situation in Ottawa to meet. I had not completed the list in Quebec.

Q. This was the situation in Ottawa that I am supposing you are dealing with. You knew all along I assume, that when you got through at Quebec you had to run the gauntlet here?—A. Yes.

Q. And I assume that as a wise and careful man you were laying your pipes with that end in view?—A. Yes.

Q. And again I suggest to you that that being the situation it was—I am going to use the expression again—of supreme importance to you that you should have associated with you the right people. What do you say to that?—A. Yes. I was not always confident in my judgment of who the right people were.

Q. But so far as your judgment went, I should have thought that you would have liked to have at least an opportunity of exercising that judgment?—A. Yes.

Q. Now, I suggest to you that it would have been at least the part of common precaution for you to have asked your solicitor whom he was holding the shares for?—A. I did ask him, sir, but he told me to wait and in due course he would inform me.



Q. And you accepted that answer?—A. From time to time I did, but it was—

Q. You must have been very confident that he was selecting the right person?—A. His judgment I figured was probably as good as my own of who the right people were.

Q. But you were willing to leave it to him?—A. For the time being.

Q. You did not find out ever?—A. Yes. When Mr. Ebbs came in, and some time before, I had reason to think that Senator McDougald was assuming this.

Q. How early?—A. It was some little while before—sometime—it may have been a few weeks—I would not say precisely when.

Q. Frankly, your *laissez faire* attitude in this matter—A. It is not *laissez faire*.

Q. Is inconceivable to me. I may be wrong about it, but I would be glad if you would explain to me how you were willing to leave such an important matter as this, because, after all, what you were purchasing, if, as a matter of fact these shares belonged to Senator McDougald, was an obstacle, not a helper, that cost you later a million dollars at least to remove, or possibly two million dollars?—A. I did not know that at the time.

Q. That is why I say it was of the utmost importance that you should have found out?—A. There were lots of things I would have liked to find out, but I could not.

Q. Surely you could find out who was purchasing shares in your own company?—A. Yes—

Q. Are you suggesting that you could not?—A. I could not get definite information who was behind Mr. Sifton in this.

Q. Why did you allow him to get the shares at all?—A. Because he might naturally have to tell me in due course. I had in mind certain people it would be good to have here.

Q. And you suggest that and that alone?—A. Yes.

Mr. LENNOX: Shares of whom?

Mr. WHITE: Sifton.

*By Mr. White:*

Q. In due course he would tell you who it was?—A. Yes.

Q. And you, in your innocence, never suspected that perhaps it might be somebody who would not want his name connected with the syndicate at that stage?—A. I beg your pardon?

Q. In your innocence you never suspected it might be somebody who might not want his name connected publicly with the syndicate at that stage?—A. I think it was an obvious inference on my part. I assumed that whoever it was, was not prepared to show up who.

Q. And I suppose it never occurred to you that it might be because it might possibly be improper for that person to be a member of your syndicate?—A. I would not say improper.

Q. I say it never occurred to you that it might be for that reason?—A. No, sir.

Q. In other words, what you say now on your oath is that you simply allowed Mr. Sifton to acquire these shares in the syndicate, he being then your solicitor, you knowing that they were not for himself and without your knowing who they were for?—A. I did not know precisely that they were not for himself.

Q. You told me a moment ago, at least I understood you to tell me that you knew he had not the means himself?—A. Not alone.

Q. No. Now, that is the situation?—A. Yes.

Q. Then coming to the Sterling matter again just for a moment—and you have gone into that very thoroughly, you have been asked a lot of questions both

by my friend Mr. Morin and the members of the committee—you will probably remember the phrase of one of the members of the committee, that this prior application had what is called a nuisance value?—A. Yes.

Q. And I think you said this afternoon that the percentage required for the removal of that nuisance was about 10 per cent of your total valuation at that time?—A. I made a quick mental calculation at the moment—

Q. I am taking your figures.

Mr. FORSYTHE: He said 8 to 10 per cent.

The WITNESS: I think I said 8 to 10 per cent.

*By Mr. White:*

Q. I now suggest to you that that was altogether out of proportion to that so-called nuisance value. What do you say as to that?—A. Well, I say, sir, that there was for a time it made the nuisance value much more of a nuisance, so much more a fear in its consequences.

Q. I suggest to you that as a matter of mere opposition on its merits there was no nuisance value whatever.

Mr. MONTGOMERY: If you will look at the record, Mr. White, you will see continually that you never allow the witness to finish his answer. If you will look over the record you will see that about half the witness' answers are interrupted by you.

Mr. WHITE: I think that that is a pretty fair record for me.

The WITNESS: What I was about to say was that the reason and the urgency—and perhaps I may or may not have mentioned it this afternoon—and if I did it was probably confused—that in our lease at Quebec we had a time limit upon our getting the approval of plans in Ottawa, and as time went on, the approaching of the expiry of that time limit was quite annoying and worrying to me, and that is why obstacles had to be removed at all costs.

Q. Would it be the fair way to put it that these people knew and they simply held you up for more than they ought to have got?—A. I do not want to impute motives. Some of it is opinion and not facts.

Q. There is no one here better qualified to speak than you.—A. A good deal of it is opinion, and my opinion was that they held me up for more than it was worth.

Q. Exactly, and that was done by the man who is now your General Manager?—A. I would not say it was done by him alone.

Q. Not by him alone but by him in conjunction with somebody else or with some others.—A. Yes.

Q. And a man in whom to-day you express the utmost confidence?—A. As an engineer and capable builder, yes.

Q. And that was the man whom you afterwards employed to manage this vast enterprise?—A. Yes.

Q. As General Manager under the contract which we have here to-day filed, and that was the man whom you now say held you up.

Mr. MONTGOMERY: Once again I have to protest against you not allowing the witness to answer.

Mr. LENNOX: I think he ought to be allowed to answer.

Mr. MONTGOMERY: You are thinking so fast yourself you do not allow the witness to answer.

The WITNESS: I would say that a man who can drive a good bargain for himself and someone else can also drive a good bargain for me when he works for me.

*By Mr. White:*

Q. Are you sincere when you made that answer?—A. Quite sincere. I know Mr. Henry in a deal knows how to look after himself and I think he can look after the interests of my company.

Q. That is your explanation.—A. That is part of the explanation.

Q. Then give us the rest of it.—A. I do not want to guess at anything on a matter of this kind. I do not know what else you have in your mind.

Q. Tell us what is in yours, I am not the witness.—A. If I knew precisely what the questions were I would answer.

Mr. JACOBS: Why select Mr. Henry alone? Senator McDougald is now Chairman of the Board of the Beauharnois Light, Heat & Power Co., so they are both absorbed.

Mr. WHITE: I was coming to that. You see, Mr. Montgomery complains that I do not let the witness answer.

*By Mr. White:*

Q. Then the other man who held you up, as Mr. Jacobs has pointed out—

Mr. JACOBS: I did not mention the word "hold up". Don't fasten that on me.

*By Mr. White:*

Q. The other man then whom you say held you up is the man who, as Mr. Jacobs points out, is now the President of your Board?

Mr. MONTGOMERY: Only the Chairman.

The WITNESS: Chairman of the Board, yes.

*By Mr. White:*

Q. And has been President of your Company?—A. Yes.

Q. So that the two men who held you up for a mere trifle of one or two million dollars, or for 8 to 10 per cent of the value of your company, and who gave you no value for that except the removal of a nuisance, are the two men now, one the Chairman of your Board and the other the General Manager of your Company?—A. Well, one is Chairman and the other is General Manager.

Q. And, I suppose, appointed with your approval?—A. Yes, sir.

Q. Yes, and the fact, so far as Mr. Henry is concerned I take it, appointed at your very urgent request and solicitation?—A. Well, it depends upon what you mean by very urgent. It was certainly at my solicitation. I have got to qualify pretty nearly all my statements. There is a difference between fact and opinion, Mr. White. That is what I am trying to be careful of.

Q. You do not need to point that out to me.—A. It will be bad for me if I get them confused.

Q. Well, let us have your answer now.—A. Now, I forget your question. Certainly it was at my solicitation, and the urgency, or perhaps argument to convince him that he would be best employed with me than with someone else, because at that time I remember he was considering an offer from the Mexican Government at a very large salary, and I figured he should stay in Canada and I used that argument.

Mr. JACOBS: That was one of the reasons, he was such a tremendous asset.

The WITNESS: He was in demand, and I certainly needed such a man to help me.

*By Mr. White:*

Q. I wonder what his salary was as Deputy Minister.—A. I do not know.

Mr. JACOBS: \$10,000.



Mr. WHITE: And you are paying him \$40,000 and he gets a large block of stock at so much per share.

Sir EUGENE Fiset: For acting as Deputy Minister he was receiving a salary and at the same time receiving a salary as an officer of the Canadian National Railway.

Mr. WHITE: Well, make it \$20,000.

Mr. JACOBS: Oh, no, he was not getting \$20,000.

Mr. LENNOX: He said there was some adjustment made.

The CHAIRMAN: What salary were you getting at the time you were Deputy Minister.

Mr. HENRY: \$20,000.

The CHAIRMAN: \$10,000 as Deputy Minister and \$10,000 from the Railways?

Mr. HENRY: Yes.

Mr. WHITE: My guess happened to be right.

Mr. MONTGOMERY: I guess you knew it.

Mr. WHITE: I did not, as a matter of fact.

Mr. JACOBS: You sized him up as a \$20,000 man.

Mr. WHITE: And the company now size him up as a \$40,000 man.

*By Mr. White:*

Q. Is Mr. Henry's salary confined to the amount mentioned in the agreement or are there some other—A. No, that is all we pay him.

Q. Is he a director?—A. He is a director but he does not get any fees as director.

Q. Why not?—A. I am informed the fees for directors are only \$1,000.

Q. I know, but does he not get fees as a member of some advisory board too?—A. No. He gets director's fees only and not as a member of an advisory board.

Q. Mr. Morin points out to me that the members of the Board get \$5,000 a year.—A. No, no. The members of the advisory committee get \$5,000 a year. He is on the advisory committee but if he is already in receipt of a salary from the company he does not get the \$5,000.

Q. We have it then that you were able to at least double his salary and give him an opportunity to participate in the possible success of the company?—A. Yes.

Q. In which, as he has told us, he was a very firm believer?—A. Yes.

*By the Chairman:*

Mr. JACOBS: No further seek his merits to disclose.

Q. I have been reviewing the evidence that Mr. Henry gave and I must say he was refreshingly frank. He made no bones about it. He filed that application with McDougald and let it rest there knowing well that whoever would develop they would have to take care of him and McDougald and get rid of them. Did you so realize?—A. No, I did not realize it till the proposition was put up to me.

Q. Who put the proposition up to you?—A. I am not very clear.

Q. Just what was the proposition that was put to you?—A. The proposition that was put to me, Senator McDougald was one of those who put the proposition to me that this should be taken into our own company.

Q. That what should be taken in?—A. This Sterling Industrial Company, that here was an application ranking ahead of us. Then we investigated, in fact, before we had investigated we knew there had been prior applications, and the other prior application on behalf of the Great Lakes or Transportation

and Power was not an application for the same thing when you really look into it. It was an application for another project entirely.

Q. Down to Laprairie Basin.—A. Running down to Laprairie Basin and, consequently, we did not consider it even apart from the merits of the backing.

Q. Let us get that. The reason you did not deal with the Transportation and Power prior application and you did buy out the McDougald-Henry application, was because the Transportation and Power application dealt with a canal from Lake St. Francis coming down and swinging right past Lake St. Louis to Laprairie Basin.—A. Plus the fact that they were not, in my opinion, serious or probably capable of carrying out the project to a point where it would be taken seriously by the government.

Q. Then, putting it plainly, the McDougald-Henry proposition—A. I thought it might be taken seriously.

Q. Yes, because if you could buy them you would thus destroy the barrier that you seemed to think existed by reason of their prior application, and you could then turn to your own use and procure their influence to assist you in bringing your case properly before the government.—A. Yes, their influence and prestige, if you care to call it so.

Q. And that is what happened?—A. Yes.

Q. And you ultimately got Order in Council 422 passed?—A. Yes.

Q. Did you have to solicit the influence of any other men prominent in public life other than McDougald?—A. No, I do not think I was soliciting. After we got going here I concentrated—

Q. Let me put it this way—

Mr. JACOBS: Let him finish, Mr. Chairman.

*By the Chairman:*

Q. You never had to solicit anybody else's influence to procure the passing of Order in Council 422?—A. I spoke to lots of people, sir.

Q. Not ordinary fellows like me, I mean people prominent in public life.—A. Personally, I found it very difficult.

Q. That is not what I asked you.—A. I am trying to say, I infer that you understand what I mean—

Q. I do not understand what you mean.—A. I did not have to solicit many people. As I say, I found it very difficult to approach people. For instance, I never could see the Prime Minister.

Q. I could quite imagine that.—A. I did not try very hard, but after one or two attempts I just ceased.

Q. Mr. Jones told us that was his experience too.—A. It was also very difficult to see the Ministers. On the contrary I found no difficulty in seeing the Prime Minister of Quebec. But in Ottawa it was very difficult to have our project considered. But I can understand now that they were in doubt as to who owned the power.

Q. Your failure to see the Prime Minister, was that before or after Mr. McDougald came on the scene.—A. That was, I would say, before, because I tried before.

*By Mr. Jacobs:*

Q. The Chairman put the question to you in this form: Did you have to secure the influence of any very highly placed person other than Senator McDougald in order to get this Order in Council put through. Did you solicit Mr. McDougald to get this Order in Council put through?—A. I do not think I ever solicited Senator McDougald to directly get the order put through. I do not think it ever occurred to me that he had anything to do with an Order in Council, but that at least he would not be there as an obstacle to prevent me getting it and opposing me.

*By the Chairman:*

Q. I presume when you paid him off with the million or two million, as the figures seem to indicate, if he had ever started in to help you to get the order in council you would stop him.—A. Oh, no, I would not. I would be very glad if he could have.

*By Mr. White:*

Q. You made it part of the bargain, nevertheless, that the payment was not to be made until the Order in Council was granted.—A. Naturally.

Q. Can you suggest any more ingenious device of enlisting a man's support than that?—A. I do not know. I was using the best ideas I could think of.

Q. And good ones. I commend them.

Mr. JACOB: The whole thing was contingent on getting the Order in Council through.

The WITNESS: For instance, I certainly would not have applied to someone whom I thought was an opponent of the Government of the day. That, I think, is clear.

*By Mr. White:*

Q. May I put it this way, that the long and short of it is that you did enlist the sympathy of Senator McDougald to facilitate the obtaining of the consent of the Dominion Government to the project?—A. I do not know whether the word "facilitate" meant that, but it approximates it anyway.

Q. Perhaps that is near enough then?—A. Yes.

Q. Then you found it necessary apparently in prosecution of this project to enlist the services of a great many lawyers?—A. Yes, chiefly because there were a great many opponents and they have continued with me right down to the present day.

*By the Chairman:*

Q. Do you get a new lawyer every time a new opponent turns up?—A. Not always, but sometimes it was necessary.

Mr. WHITE: Well, you had some good ones I see.

Mr. JACOBS: You believe in fighting the devil with fire.

The CHAIRMAN: Oh, no, this is fighting the devil with water.

The WITNESS: It was not holy water anyway.

*By Mr. White:*

Q. You had Meredith, Heward & Holden?—A. Yes.

Q. And W. B. Sifton?—A. Yes.

Q. And Col. Victor?—A. No, I did not employ him.

Q. Who did?—A. I do not know; perhaps his brother did.

Q. Would you be surprised to know that he was paid a large sum for legal services by the Beauharnois Syndicate?—A. That is a detail that would surprise me. I admit there are some details I do not remember.

Q. Might the mere trifle of \$10,000 for legal fees escape your attention?—A. Mr. White, we have been spending over \$30,000,000.

Mr. FORSYTHE: The payment was made to Col. Sifton because he was the executor of his brother's estate.

Mr. WHITE: I wonder if that is the fact?

The WITNESS: It must be.



Mr. WHITE: You say it must be. But let me say something. Let me see the voucher and we will see who got that money. Apparently you are right about that payment. That was for moneys paid to Victor Sifton—

WITNESS: To W. B. Sifton, sir.

Q. Yes, to W. B. Sifton. Then there was W. G. Pugsley. Where does he practice?—A. In Ottawa.

Q. Any relatives in the Department of Public Works or the Department of Railways and Canals?—A. Not to my knowledge, no sir.

Q. Again that would be a matter beyond your ken.—A. His father used to be Minister of Public Works but he was not then.

The CHAIRMAN: There is a Pugsley who signs as Secretary. Who is that?

The WITNESS: I do not know him at all.

Mr. JACOBS: An entirely different person. He has been Secretary of the Department for a great many years.

Mr. WHITE: I wonder if they are brothers?

Q. Then there is L. C. Moyer?—A. Yes.

Q. And Andrew Thompson?—A. Yes.

Q. And Greene, Johnson & Strike, Mr. Ainslie Greene's firm?—A. Oh, yes.

Q. And then we have Mr. Thompson's firm, and then Ainslie W. Greene, and then McGiverin, Haydon & Ebbs?—A. Yes.

Q. Geoffrion & Prud'homme?—A. Well, he was my main counsel, Mr. Geoffrion.

Q. And Perron & Company?—A. Perron only in a personal way for lawsuit.

Q. Then W. G. Sheridan?—A. He is not a lawyer.

Q. Not a lawyer? Let us see what his bill was entered for. What was he?—A. Why, I employed him for a time when I was being pursued very violently by a number of people who were suing me and threatening me with all kinds of dire consequences, and I employed this man to find out who were behind this suit and what was the motive for attacking me.

Q. I see. And his services were paid for by the syndicate?—A. Yes.

The CHAIRMAN: How many hundred thousand dollars in legal fees have you paid out in this thing?

Mr. WHITE: I will give you the total in a minute, Mr. Chairman.

Q. Then National Trust Company. That is hardly a lawyer, re Robert deposit, \$1,200. Then Brown Montgomery?—A. Yes, more recently.

Q. Then Biron & Poirier, notaries?—A. That is right, notaries, yes sir.

Q. And Fentman, Gravel.

Mr. JACOBS: That is in the Quebec district?

*By Mr. White:*

Q. A lawyer in Quebec, is he not?—A. I do not recall.

Q. And St. Laurent, Gagnon & Taschereau?—A. Yes.

Q. Louis Cossette?—A. I don't just remember his case.

Q. And McGibbon, Mitchell & Co.?—A. That is in Montreal. I cannot think just what they were used for.

Q. Well, you admit that they were used?—A. If the name is there that is a fair inference.

Q. Chauvin & Rivard?—A. That is Quebec.

Q. And J. L. R. Starr?—A. Yes.

Mr. STARR: I was employed direct by the Dominion Securities and nobody else.

Mr. WHITE: But you were paid by the Syndicate. Mr. Starr.

Mr. STARR: If you ask me I would take an oath that the Dominion Securities paid me.

Mr. WHITE: Well, I will show you the voucher.

Mr. STARR: I know the bill went to the Dominion Securities. I do not suppose I would look at a little cheque like that.

Mr. WHITE: I do not suppose you care who paid you as long as you got the money.

Q. Then W. G. Mitchell?—A. Yes.

*By the Chairman:*

Q. Who is he, a lawyer?—A. A lawyer in Montreal.

*By Mr. White:*

Q. Is that the Hon. Mr. Mitchell?—A. Yes, he used to be Honourable.

Q. Alphonse De Carie, a notary?—A. No, he is a lawyer.

Q. Then there is an item for F. D. Brown?—A. He is an engineer.

Q. I know, but this is per F. B. Brown, an item of \$2,718.54 said to be for legal expenses. And then there is Mr. Loughery?—A. That was not legal.

The CHAIRMAN: It was not illegal, I hope.

*By Mr. White:*

Q. And then there are sundries of dollars, \$1,160.76. The total payments to the gentlemen I have named, under this heading, Mr. Chairman, are \$373,057.15, the principal items being the Meredith firm—I am just giving the round figures—\$36,000; W. B. Sifton and Victor Sifton \$29,000; Mr. Pugsley \$10,000; Mr. Moyer \$21,000; McGiverin, Haydon firm \$59,357, and Geoffrion, Prud'homme \$97,000 odd; and Mr. Mitchell \$11,000 flat.

Mr. JACOBS: They were paid in proportion to the quantity that was intended to go through the canal.

The WITNESS: They were paid in proportion to the amount of work they had to do, and a lot of that was investigation of numerous properties that were bought, and they amounted to hundreds. A great many of these firms had to have separate reports on each one.

Mr. WHITE: In addition, there is in a statement furnished me an additional \$13,000 to Geoffrion, Prud'homme \$15,000 to Blake, Lash, Anglin & Cassells; \$10,781.65 to Laflamme, Mitchell and then to Mrs. W. B. Sifton \$2,000, that is what led me astray; Meredith, Holden, some small amounts and St. Laurent, and Blake, Lash, Anglin & Cassells \$2,000.

Mr. JACOBS: That is in addition to the \$15,000.

Mr. WHITE: Yes, and those items are in addition to the \$373,057.15. That is up to the 31st December, 1930.

*By the Chairman:*

Q. Mr. Swezey, it would almost appear that you had almost every attorney or firm of attorneys of importance in the province of Quebec with the exception of Mr. Jacob's firm?—A. Well, Mr. Chairman, on a \$75,000,000 project you have to deal with a number of legal points that come up from all directions, and where you have the annoyance of two or three years' fighting with 15 or 20 enemies shooting at you from all directions, why we have been at our wits end all the time, heading off a hole here and a hole there, defending ourselves against everything that crops up.

Mr. JACOBS: And you are not through yet.

The WITNESS: We are not through yet. These lawyers we have just now, I am afraid, are going to cost us a lot of money too. I mean those gentlemen on my left.

Mr. JACOBS: When they hear those figures.

The WITNESS: It is going to cost me something for them.

Mr. HELLMUTH: What are you trying to do, reduce the fees?

Mr. WHITE: I am just trying to show the people up in Toronto what the Montreal lawyers get. I am working for you if you only knew it. Up to the 31st of December, 1930, the total was \$436,402.66. Talk about a nuisance value.

The WITNESS: That is less than half of one per cent of the cost, Mr. White.

Q. Half of one per cent of what cost?—A. Engineers require a bigger percentage than that.

Q. Oh, well, but they do work, their work is productive.—A. I will take your word on that.

Q. Could you explain why it was, for instance, that you had both Mr. Greene and Col. Thompson to look after what was going on here and file the papers?—A. I was afraid that some of my opponents might get hold of them and cause me more trouble and a lot more than we had to pay for.

Q. Again a nuisance value.

*By the Chairman:*

Q. Surely you did not anticipate that either Mr. Greene or Mr. Thompson would deliberately go out and dig up some barrier and throw it across your pathway?—A. No, but my opponents and the other power companies might have retained them.

*By Mr. White:*

Q. Supposing they did, what could Mr. Greene or Mr. Thompson do except keep you advised as to what was going on here and what applications were being filed, and bring your papers up from time to time for filing?—A. Well, at least while they were working for me they would be kept out of mischief against me.

Q. What mischief could they do against you?—A. I don't know.

Q. I cannot conceive of it. You keep talking about those obstacles all the time, and it has not been made clear to me what a lawyer can do except to look after your interests and file papers, and that is all I suggest that either Col. Thompson or Mr. Greene did do for you.—A. If they had been opposed to me they might have stirred up a lot of trouble. Lawyers do. They have a way of stirring up trouble.

Q. Oh, no, you are not going to get away with that.

Mr. JACOBS: It is a case, Mr. White, of where the wicked fly away no man pursues.

*By the Chairman:*

Q. I cannot follow your turn of mind, Mr. Sweezey. You say if you got a hold of Greene and Thompson and paid them that was the best thing to do because you were afraid someone else might employ them.—A. After we got them we kept them busy with a lot of other things besides.

Mr. WHITE: I have seen their bills.

The CHAIRMAN: We have gone over their bills.

Q. Have they not some peculiar influence here?—A. Not that I know of.

*By Mr. White:*

Q. I hope there is always a reason for selecting a particular solicitor to do one's work.—A. Well, when we appear before a committee, for instance, as we



did one time before a committee of the Ministers here, I think I counted about 12 opponents at the time. I do not know if I could remember them all now to name them, but each one was represented by a lawyer or counsel or whatever you wish to call him and the prestige of that man had some influence, I presume, not only on the committee but on the public at large.

Q. That was the time the protestors appeared?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. Have you still got lawyers employed in Ottawa?—A. Yes. We from time to time have work for lawyers to do.

Q. I mean at the present moment?—A. Yes.

Q. May I ask who they are?—A. Why, I think Mr. Daly is one.

*By Mr. White:*

Q. I thought Mr. Daly sent you back your retainer.—A. I don't know, perhaps he did.

*By Mr. Jacobs:*

Q. They are departmental solicitors, are they not?—A. There is a lot of work to be done before the departments.

Mr. WHITE: I have gone over Mr. Greene's bill and Mr. Thompson's bill very carefully, and so far as any expression of mind is worth anything I cannot say that it is something that could not have been done by one just as well as two. For instance, two men walk up with a document to the Public Works Department. Why one could not, I do not know.

Mr. JACOBS: They had to get one to watch the other, I suppose.

Mr. WHITE: Ottawa lawyers are not like that.

*By Mr. White:*

Q. Perhaps you will explain it. If you cannot, we will let it go and go on with something else.—A. I have tried to explain why I employed these fellows.

Q. I suggest to you it is a wholly insufficient reason.—A. I do not know what other reason there could be. I certainly was endeavouring to do all I could to get this thing through and did not want any opponents.

Q. Did not you get both of them because you understood they were friends of the Government?—A. No, that had nothing to do with it in my opinion. I knew they were not enemies of the government. But I mean friends did not necessarily mean—

Q. Persona grata, we will put it that way.

*By Mr. Lennox:*

Q. Did you employ any conservative lawyers?—A. Yes.

Q. In Ottawa?—A. I do not know whether we did in Ottawa, but I know we did.

Mr. JACOBS: More than 50 per cent of the lawyers he has named here are conservatives.

The WITNESS: I do not recall just who they are, but several of the people who have been named here. I do not know whether they are Liberal or Conservative. I think as a rule most law offices have one of each.

Mr. WHITE: You were not looking to your left, were you when you said that?

Q. Then I see Mr. Pugsley—William G. Pugsley, K.C., renders you a bill for \$10 000 including a retainer of five, and the account is "services October 8, 1927—March 31, 1929." The cheque is issued by the Marquette Investment

Corporation. Will you tell us what Mr. Pugsley did with that?—A. Now, I would not like to trust to my memory. I know he was kept busy on various things. The treasurer would be the better man to answer that.

*By the Chairman:*

Q. Which one of the legal firms finally appeared in Ottawa the day that the recommendation was made to Council for the passing of P.C. 422?—A. I presume Mr. Geoffrion himself.

Q. Do you know?—A. I do not know, sir.

Q. Was not that a red letter day in the history of this huge concern?—A. It would be.

*By Mr. White:*

Q. With a great battery of lawyers, would it not be best to make the best selection?—A. I always considered Mr. Geoffrion as our best counsel. I do not think they had ever appeared before the ministers—there was a committee of three ministers in February, 1929.

*By the Chairman:*

Q. That was at the time the application was changed?—A. I do not recall the circumstances or the details of that; it may have been somewhere around there.

Q. What three ministers were at that hearing?—A. I think the Minister of the Interior, Mr. Stewart, Mr. Cardin, and I do not recall the other—yes, Mr. Elliott, the Minister of Public Works, and all our opponents appeared then to express their disapproval.

Q. And did their disapproval prevail?—A. Well there was no immediate decision given then, and later we got the order in Council.

Q. And in the interval, you made some settlements did you not?—A. Some settlements?

Q. Yes, settlements with the protesting parties?—A. I do not recall, sir, just what that might be unless we have some record that might bear on that. I do not recall it.

Q. For instance, Mr. Forsythe's clients were protestors. Who was Mr. Forsythe acting for at that time?—A. Cedar's Rapid.

Q. That is Montreal Light, Heat and Power?—A. Yes.

Q. They are settled with?—A. Oh, that was a long time afterwards, sir.

Q. Between the day of the meeting of protest and the 8th March?—A. Oh, no, it was months and months after that.

Q. Had you entered into any negotiations to satisfy them?—A. No, we did not enter into any negotiations with them at all after I purchased Mr. Jones' shares.

Q. What date did you purchase his shares on?—A. It was about the end of July or the beginning of August.

Q. After the meeting before the three ministers when nine people appeared to protest, the Order in Council was subsequently passed without you making any arrangements?—A. Without making any arrangements with anybody.

Q. With any of these people?—A. No, not that I recall.

Q. No arrangement with the Canada Steamship Line?—A. No sir.

Q. Canada Light, Heat and Power?—A. No.

Q. Cedars Rapid?—A. No.

Q. Dominion Marine?—A. No.

Q. Great Lakes?—A. No.

Q. Montreal Light, Heat and Power?—A. No.

Q. When did you enter into the agreement with Holt and his crowd?—A. We entered into an agreement to sell them 150,000 horse-power and agreed to bury the hatchet between one another about the end of July or the beginning of August.

Q. After the passing of your Order in Council?—A. Yes, that was some months later.

*By Hon. Mr. Mackenzie:*

Q. 1929?—A. Yes.

*By the Chairman:*

Q. The Montreal Light, Heat and Power now get their power from Shawinigan?—A. Shawinigan and Cedars Rapid, which I understand they own. They have several plants.

Q. Well, at any rate, Mr. Sweezey, now there is no quarrel between your company and Canada Steamship Lines?—A. I am not so sure. I do not know whether they want to protest any further or not.

Q. Have you made some kind of settlement?—A. I have made no settlement whatsoever.

Q. Have you made any arrangement at all?—A. With Canada Steamships, sir? No, sir.

Q. Was their protest based on interference with navigation?—A. Yes, sir, because they claimed they could not run the rapids if we diverted the water.

Q. And is that left standing?—A. It is left standing, and it may crop up somewhere again, I don't know. Their protest is quiescent.

Q. Canada Light and Power?—A. We have made no settlement with them. Though I understand that company is owned jointly by the Montreal Light, Heat and Power and the Shawinigan Company and others as well. I have heard no objections from them, but I have no reason to think they are friendly or otherwise.

Q. What is your arrangement with Montreal Light, Heat and Power? Is it fair to say that your arrangement with them would take care of Canadian Light and Power?—A. No, sir, it would not.

Q. There is no other distant protestor that you now have?—A. They may not protest. I do not see what they could protest on, because we are not interfering with navigation or with the level of the lake, and consequently with the quantity of water they would take.

Q. Their power plant comes from the old canal?—A. The old canal, south of the Cedars Rapid plant.

Q. They are protesting, apparently?—A. They were joined to those opposing us in the early stages.

Q. You may still receive opposition?—A. We may still, but I minimize it compared with what it was at that time.

Q. They have just as much right now as then?—A. Yes. To-day they may think we are more important than they.

Q. Would your increasing importance minimize their right to protest?—A. One always hesitates to tackle something that is bigger than it used to be. Our position on the river counts for something more than it did at that time.

Q. The Cedars Rapids—that is Holt's affairs is it?—A. Yes.

Q. You have some kind of an arrangement there?—A. Yes,—not directly with Cedars Rapids, but our contract to supply Montreal Power with 150,000 horse-power.

Q. That will take care of Cedars Rapids. Are you expecting any more difficulty there?—A. We hope not. We do not see any reason.

Q. Dominion Marine—did you settle with them?—A. No sir.



Q. Might you still meet with difficulty with them?—A. I am not so sure.

*By Mr. Jacobs:*

Q. Who are the Dominion Marine Association?—A. They are an association of which I understand the Canada Steamships hold the largest percentage of memberships in, and they were utilizing and using every avenue that they could to oppose us at the time to make the strongest and most united front.

*By the Chairman:*

Q. The basis of their protest being that your operations were going in some way to interfere with navigation?—A. Yes. They brought up a lot of arguments which were rather absurd at the time, and we did not have much chance to answer.

Q. They, at least, were not in a position of placing a nuisance value on themselves?—A. No.

Q. Then there is Great Lakes and Atlantic Canal and Power Company, Limited, and Transportation and Power—that is the Cantin concern?—A. Yes.

Q. Have you settled with them?—A. No sir.

Q. They are still?—A. Yes.

Q. Did they place a nuisance value on themselves?—A. Yes.

Q. Has anything been done to capitalize the value?—A. Yes, it has been valued all the way from one million down to the last figure I heard which was \$125,000.

*By Mr. Jacobs:*

Q. The suit against your company is for \$10,000,000?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. What do you mean by the last figure being \$125,000?—A. They would be willing to settle for that.

*By the Chairman:*

Q. The Montreal Light, Heat and Power—you have entered into agreements with them; they are not protesting any more?—A. No, they are not protesting any more.

Q. The Shipping Federation of Canada, you do not anticipate any difficulty there?—A. I do not know. There is a lot of misconception about our canal, and its adaptability to navigation, but we believe that when they understand the depth of water and the width of the canal and the work that is being done that they will rather welcome us as a good factor in promoting deep waterways. There is another factor to consider in regard to shipping interests. The introduction of deep waterways in the St. Lawrence will make obsolete a number of ships which are now using the smaller canals, and there may be an objection on the part of steamship companies to postpone the deep waterways.

Q. How big are those ships?—A. They use 14 foot draft, whereas the Great Lakes and the upper sections—

Q. How many of those ships are 14 foot draft?—A. I do not know. There are a great many of them.

Q. A couple of dozen?—A. Much more than that.

*By Mr. Jacobs:*

Q. And would that make them obsolete?—A. All the ships that now use the St. Lawrence Canals from Lake Ontario down are 14 foot draft, and much smaller ships than those are plying the Great Lakes above Kingston, say, or Prescott. Those larger ships—the object of the deep waterways I should say,

is to brink those larger ships down to Montreal. Now, obviously, once the larger ships can come to Montreal, the small ships become at least very early in the game obsolete.

Q. You use them as lighters?—A. They might—but not so valuable as the larger ships.

Q. They would not have to transfer their cargoes into the smaller ships?—A. No.

*By the Chairman:*

Q. You do not suggest that as an argument why they should get compensation?—A. No, I do not say that, sir, but I say they may not be very sincere in supporting the idea of the deep waterways.

Q. The Soulanges Power Company, have you settled with them?—A. The what, sir?

Q. The Soulanges Power Company?—A. No. They have not bothered us any. I do not think they have amounted to much.

Q. They protested before the ministers?—A. Yes.

Q. Who is this Miss A. Bissant?—A. She owns a farm.

Q. Did you settle with her?—A. No. We did not hear from her again.

Q. After the meeting with the three ministers which took place sometime early in January, 1929, and the application was amended, I believe, at that meeting, did you do anything in particular to advance your application with the Governor in Council, or did it just go along until it received approval?—A. I think it just went along by itself. We had to be patient.

Q. After the meeting with the three ministers, what was the conclusion arrived at if any?—A. There was no conclusion evident at that meeting, or following the meeting. I presumed it was discussed in Council. Those three ministers, I take it, were a committee from the Council to receive all the protests of the various companies who were against us.

Q. At any rate, after the meeting in February, 1929, you did not see, nor did anyone in your behalf see, any member of the government?—A. Oh, I would not say that, but I do not recall. I presume that Mr. Jones, who was then our chief worker, saw Mr. Elliott who was the Minister of Public Works.

Q. Did he report?—A. I do not recall what he said. No. He could not get very satisfactory reports until later on—until it had been discussed in the Cabinet.

*By Mr. Jacobs:*

Q. Mr. Jones has never been noted as a rabid liberal?—A. No, he was not. He was noted rather the other way.

The CHAIRMAN: What possible bearing would that have?

Mr. JACOBS: I just wanted to interject that and have it on the record.

Hon. Mr. MACKENZIE: Depending on the questions, I thought it might have a lot.

*By the Chairman:*

Q. It is a fair statement that after the meeting with the three ministers in February, 1929, no concerted effort was made on behalf of the Beauharnois Company or yourself to procure the passing of P.C. 422, but it just same through?—A. I do not recall anything that was done. I do not say that we lay down and were quiescent. I think we were anxious. There did not seem to be much done, except we had gone that far.

Q. Did Senator McDougald take any interest in it?—A. I do not recall if he was even here at that time, but he took an open interest at that time. I do not recall whether he did anything or anybody did anything. I think the only thing we decided to do was sit quiet and find out what would happen.

*By Mr. Jacobs:*

Q. Were they not waiting for a decision from the Supreme Court of Canada?—A. I am not sure if the decision had been given—shortly after probably.

Q. It was in February?—A. I think this meeting must have taken place after the Supreme Court decision.

*By the Chairman:*

Q. I may tell Mr. Sweezey that after this public meeting of protest the whole matter was referred to a committee of the Cabinet to investigate and report to Council?—A. Well, I do not know that.

Q. What part were you taking in it during those months?—A. I was more of an impatient observer. I was listening to my counsel and hearing the arguments, and trying to figure out how we were ever going to save our money in it.

Mr. WHITE: You must have been busy if you listened to them all.

Mr. JACOBS: Did you have them all in one room?

WITNESS: No, happily not.

*By the Chairman:*

Q. And as a result to-day, you are unable to give us any idea of how P.C. 422 was passed, or why it was passed?—A. It was passed following our request for its passage and following our persistent efforts to discuss it with the ministers, and Mr. Jones discussed it with the Minister of Public Works. He was very elusive and evasive, and would never give us any definite reply, and it was only after I heard a speech by the Premier in the House that I realized that he had in mind that the water-powers belonged to the province, and I thought he expressed it very clearly, and I had to confess that we would get somewhere and the province would be allowed to go on with its own developments without being hampered in any way. This meant a great deal to the Province of Quebec, and those were the arguments we were trying to use with the ministers, or whoever else had to do with the acknowledgement of the value of water-power, and what the province would accomplish with it.

*By Mr. White:*

Q. Could you tell us what Mr. Sifton did for his \$20,000?—A. Well, now, I might forget a lot of things if I started to enumerate them, and you would minimize their value.

Q. Just a moment. I do not appreciate remarks of that kind, and I would be obliged if you would not make them?—A. I certainly did not mean any offence.

Q. Your remarks, I consider, are quite offensive—A. I am sorry. I did not mean that in any way.

Mr. FORSYTHE: There have been some offensive remarks made by others.

Mr. WHITE: There will be some more.

Mr. FORSYTHE: I have no doubt. I am thinking of some myself.

Mr. WHITE: Don't stir me up.

Q. I said can you tell me what Mr. Sifton did for his \$22,000 odd?—A. Well, we were in the early stages of our work then and his first duty was to figure out the number of obstacles in our way and from time to time we came to the conclusion they were insurmountable, and kept at them until we wore some of them down.

*By the Chairman:*

Q. He would make a report to you of the obstacles as he viewed them?—A. Yes.



Q. Do you mind giving me a list of the main ones?—A. The main obstacle was the rather indeterminate opposition as to the ownership of water-power as between the Provinces and the Dominion, and one great difficulty was, if we did get something from Quebec we were more or less up in the air.

Q. You knew that without paying substantially that amount.—A. We did, but I think I said to-day I knew very little of who was who in Ottawa. I knew who was who in Quebec because I could always go direct to the Premier. But in Ottawa I did not know whom to approach, and Sifton with his experience was able to operate to advantage in that respect.

*By Mr. White:*

Q. Perhaps I can help you a little bit. I have before me a letter of May 19, 1928, starting off "Dear Hugh," whom I take to be Mr. Griffith.—A. Yes.

Q. Signed by Winfield B. Sifton.

DEAR HUGH,—Since last a/c May 5th my services and expenses have been as follows: Mon., May 7, to Friday, May 11, Ottawa Chateau, 5 days; Saturday, May 12, to Sunday 13, Montreal Ritz, two days; Monday, May 14, to Tuesday, May 15, Toronto, King Edward, two days; Wednesday, May 16, Ottawa, Chateau, 1 day; Thursday, May 17, to Friday, May 18, Montreal, Ritz, 2 days. In all twelve days.

Total, including railways, fares and expenses, hotel bills, tips, taxis and incidentals, plus Prof. Goforth's hotel bill in Ottawa, 2 trips, \$576.39, for which I would be pleased to receive cheque.

Then on the same date another letter:—

DEAR HUGH,—I beg to acknowledge cheque for \$1,318.25 as per yours of May 14. I have noted that this covers \$818.25 as per my a/c of May 5.

You have evidently overlooked my account, etc.—

And then on April 28, 1928:—

DEAR HUGH,—I have just paid \$43.65 as arranged for copy of typed testimony before U.S. Senate Committee. Copy handed by me to Sen. MacDougald.

I would be pleased to receive cheque in reimbursement.

Was that the kind of thing that you were paying Mr. Sifton for?—A. That was some of it but we were also greatly concerned about selling power, and we had a lot to do with meeting prospective power users and trying to sell our ideas as to the feasibility of establishing industries in that site.

Q. Why hire a lawyer to do that? I think what you wanted was a super-salesman like R. O. Swezey. I suggest to you also that Mr. Sifton would not have helped you a great deal to sell to the Ontario Power Commission.

Mr. JACOBS: Why?

Hon. Mr. MACKENZIE: Why not?

Mr. WHITE: They do not like lawyers up there in Toronto.

Mr. HELLMUTH: You are impertinent.

*By Mr. White:*

Q. I suggest to you that he would not have helped you there.—A. Well, he was a very active man.

Q. Am I right now that Mr. Sifton would not have helped you any in obtaining a contract with the Ontario Hydro Power Commission?—A. I do not suppose his prestige—

Q. Cannot you answer me categorically?—A. I say his prestige was not such as to influence the Commission perhaps in selling power. They were interested more from an engineering standpoint as to where they could get power and what it would cost them.

*By the Chairman:*

Q. They were probably interested from a business standpoint.

*By Mr. White:*

Q. Then Mr. Symmes points out to me, Mr. Chairman, that the totals of the bills for Mr. Sifton are \$31,409.47 instead of the figure that I gave you. And I think you said to-day that Mr. Sifton was rather persona non grata in Montreal?—A. I did not say personally, but for some political reasons the Sifton name was not very favourably received in Quebec.

Q. If they were not useful in Quebec and they were not useful in Toronto, where was he useful?—A. Well, he was a very astute observer.

Q. But where?—A. Everywhere.

Q. Except Montreal and Toronto?—A. No, he was an astute observer in Montreal and Toronto, but there is a difference between his powers of observation and his prestige, or influence.

Mr. JACOBS: Events have shown that he was a highly useful person, Mr. Sweezey.

The WITNESS: Yes.

*By Mr. White:*

Q. In what respect? Perhaps you will elaborate that a little bit, as events have shown. What events show that?

Mr. JACOBS: He sold 800 shares to somebody. If my memory is correct it was he who secured the sale of 800 shares in the early stages of this company.

The WITNESS: He was particularly useful also in setting up the syndicate in such a way as to make it a workable undertaking, and he was very astute on the legal points of where a syndicate might get into trouble by the lack of protection through the personal liability.

Mr. LENNOX: What is the date of his retainer?

Mr. WHITE: I do not know of his retainer.

Mr. LENNOX: When did he do his first legal work, because I do not think he was retained by the syndicate.

The WITNESS: Yes, he died before the Syndicate was completed.

Mr. WHITE: This is April 28th, 1928, the earliest one I have. Mr. King points out to me that the earliest bill rendered was September 17th, 1927.

Mr. LENNOX: How much money did Walter Mitchell get?

Mr. WHITE: \$15,000.

Mr. LENNOX: What services did he render?

Mr. WHITE: I do not know. Perhaps Mr. Sweezey can tell us.

The WITNESS: He did a lot of chasing back and forth between Quebec and Montreal. It had to do mostly with the Quebec end of the business.

Q. He was the Provincial Treasurer.—A. No, he had been cut a long time then.

The CHAIRMAN: Is that his whole interest, in the project, legal?

Mr. WHITE: Oh, no, he was a short shareholder.

The WITNESS: Yes, he was a shareholder, it was in the record.

Q. How many shares did he have?—A. I am not sure how many he had. He had some through Mr. Jones and they were subsequently transferred through Mr. Jones. Some of them were transferred. I do not know if they were all his.

*By the Chairman:*

Q. Were you ever at any meetings here in Ottawa with Mr. Mitchell yourself?—A. No, I do not recall him. I met him, saw him here in Ottawa, but I was at no meetings with him.

Mr. WHITE: It was not an assembly.

*By the Chairman:*

Q. Was it just a conference?—A. What I mean I met him in the rotunda of the hotel. I was not at any meeting with him. I have seen him here.

Q. I thought someone gave evidence of a meeting between Mr. Mitchell and yourself at the Chateau.—A. There may have been such a meeting but I do not recall it at the moment.

*By Mr. White:*

Q. Sure?—A. Quite sure, sir. A lot of things happened at many meetings that would be very difficult to remember.

*By the Chairman:*

Q. Would you say that there was no meeting?—A. I would not say there was not, but I do not recall any at the moment.

The CHAIRMAN: Have you any further questions, Mr. White.

Mr. WHITE: I am afraid I am mistaken about that figure, Mr. Chairman. It was \$8,000 instead of \$15,000.

*By the Chairman:*

Q. When you paid Mr. Jones off, was that money your own?—A. The first money, the first payments were my own, but then I had to sell a lot of that stock to get the money with which to pay him; but none of that money, I may add, came from the Syndicate or any of the financing of the company. It was individual money and money that I got entirely outside.

Q. And the total you paid Jones and his associates was something over three and a half million dollars.—A. Yes. I think there were 7,200 shares. No, I beg your pardon, it was 6,900. There were 7,200 mentioned for a while and then we readjusted it to 6,900.

Mr. WHITE: I took the wrong figure again, Mr. Lennox. I find that the payment to Mr. Mitchell was \$7,500.

Mr. MONTGOMERY: Going down all the time.

Mr. WHITE: The next one was the figure \$15,000.

*By the Chairman:*

Q. What you paid Jones was \$3,795,000.—A. Of course, that included, you understand, the several people with him. It was not Mr. Jones alone.

Q. Who were with him?—A. Well, as I remember it, there was the Credit General du Canada, which was Senator Raymond, Mr. Stadler, and Mr. Mitchell. I do not recall the other names now, but it is a matter of record.

Q. If you could get the record could you show from it who were with Jones and participated in that \$3,795,000?—A. I do not think I could show you all the ones who were with Mr. Jones because he was holding stock for people in his own name but not for himself. I think probably he was helping to finance



some of them. I mean probably he had paid on account for them and was carrying the stock as security.

Q. If you saw the list could you give us the names?—A. I could give you a fair approximation of them.

Mr. WHITE: Let us have that list of those who were shareholders at the end of the Syndicate.

Mr. JACOBS: I think Mr. Jones said that that included all those who gave him their proxies.

The WITNESS: Yes.

*By the Chairman:*

Q. Do you know approximately how much Jones got himself?—A. I think he had 1,600 shares.

Q. That will be 3,200, will it?—A. Yes. Then I think he held 200 or 400 shares—I am not sure—for his brother-in-law, Dr. Webster, and he held some in his name, W. G. Mitchell. Now that, I think, accounts for about 3,200 or 3,400, because he had his own original 800 which became 1,600 and then 3,200, and then he had 200 or 400 for his brother-in-law.

Q. Well, you are sure at any rate that he had 3,200 of his own?—A. Well, jointly with Mitchell.

Q. But he gave evidence here that he bought the 800 and they were his own.

Mr. MONTGOMERY: He did not give evidence that they were his own, Mr. Chairman. I have checked that since you made the statement the other day, and you will see that he subscribed for a second 800 not 1,600.

The CHAIRMAN: But the 8 became 1,600 and then it became 32.

Mr. MONTGOMERY: The first required no subscription. The second subscription was for cash, and you will see from his evidence, that his second subscription was for 800. In other words, the first subscription was for himself.

Mr. LENNOX: Look at page 373:

*By Mr. Morin:*

Q. In this syndicate there were 5,000 shares?—A. Speaking from memory, 5,000 shares, in which I took 800.

Q. Shares of one dollar.—A. No, they were not—

Q. No par value?—A. There was no par value, 5,000 units of interest.

Q. 5,000 units?—A. 5,000 units.

Q. You bought 800?—A. I bought 800.

Mr. MONTGOMERY: That is right, and then he assigned half of them.

The CHAIRMAN: Where is there any evidence that he assigned half of them.

Mr. MONTGOMERY: He was not asked the question at all.

Mr. FORSYTHE: I think you will see when you were questioning Mr. Jones about the profit he remarked "I made so much money."

Mr. LENNOX: Then on next page:

Q. How much did you pay for these 800?—A. I paid for that 800 shares—the Syndicate required more money by that time—

The CHAIRMAN: I cannot hear you, Mr. Jones.

The WITNESS: I beg your pardon, sir. The Syndicate required more money, and it came along and I subscribed for another 800.

Mr. MONTGOMERY: That is right.

Mr. LENNOX: There is no person else suggested as being interested.

The CHAIRMAN: I have it down here that he said "I bought 800 units for \$30,000, which afterwards became 1,600 and then 3,200."

Mr. MONTGOMERY: That is right.

The CHAIRMAN: And then when Sweezy called the turn on Jones or Jones called the turn on Sweezy he sold them for \$550 a unit.

Mr. MONTGOMERY: And the profit was \$780,000. If you figure that out at half it still comes to that.

The CHAIRMAN: There is nothing in the evidence to indicate that he did not own the original 800.

The WITNESS: Of course I knew Mr. Mitchell was with him in that first 800. Mr. Jones did the financing. He paid the money, but what arrangement there was between Mr. Mitchell and himself is something else.

The CHAIRMAN: Mr. Jones most certainly left this idea with the committee that he and he alone held those 800 units.

Hon. Mr. MACKENZIE: The facts are those, that when Mr. Jones gave his evidence the other day that his profits were \$790,000. The next day Mr. Griffith gave his evidence indicating that the profits were about twice that amount which left quite a discrepancy which was to be cleared up by recalling Mr. Jones.

Mr. MONTGOMERY: He said \$780,000 or \$790,000.

Mr. LENNOX: Yes, but the books show \$1,760,000.

Mr. WHITE: There is a transfer from Jones to Mitchell somewhere.

Mr. WHITE: Yes, there is a transfer.

Mr. GRIFFITH: I am quite sure Mr. Jones was under the impression that he had transferred all that was due to Mr. Mitchell. When I gave my evidence I gave it from the books.

Mr. WHITE: How many shares were transferred to Mitchell by Jones?

Mr. GRIFFITH: 500.

Mr. WHITE: When.

Mr. GRIFFITH: On May 23, 1929.

Mr. STEWART: I have July 23, 1929, transfer to Mitchell.

Mr. MONTGOMERY: Jones received altogether \$1,760,000 at a cost of \$190,000, which leaves a profit of \$1,570,000. Half of that is \$785,000, and he gave the figure of \$780,000 or \$790,000.

Hon Mr. MACKENZIE: \$790,000.

The CHAIRMAN: Did Mitchell have the other half?

Mr. MONTGOMERY: He did not tell me who had it.

Mr. LENNOX: What I understood from his evidence was that he held a certain number of shares in his own name, and that he was going to protect those who had stood by him and sent him their proxies. There was no suggestion of Mitchell or any person else being interested in the 3,200 shares.

Mr. MONTGOMERY: He did not mention any other person.

Mr. LENNOX: He did not mention any names, but he said he was not going to upset the offer made to him unless the corporation took the shares of the men who sent him their proxies.

Mr. MONTGOMERY: Quite correct.

The CHAIRMAN: And then pressed as to who sent proxies to him. He could not remember a single one, his mind was a blank, and then he said "I remember the son of the Hon. George Murray".

Mr. MONTGOMERY: If you figure it out, and he will tell you that, he said they never asked me. I met him outside. I did not hear all of his evidence, and he said they only asked me what profit I made and I told them—

Mr. LENNOX: We will have him back anyway.

Mr. MONTGOMERY: He got \$1,760,000 which cost him \$190,000 which leaves \$1,570,000, and one-half of that is \$785,000.

*By Mr. White:*

Q. In reference to the Jones transaction, Mr. Sweezy, the \$550 a share, that price was arrived at by figuring 150 in cash and \$10 a share.—A. At that time, sir, we did not know how much cash we would get.

Q. How did you arrive at the price then?—A. It was a price that Mr. Jones set at which he would either buy or sell. That was his own figure that he named.

Q. It just happened to be \$150 and \$10 a share?—A. Later on we decided that feature about \$150 until we had worked out our financing program. Mr. Jones though did say to me "I will either buy or sell and that is the price". Personally I did not feel that I could sell because I had been the one who started this thing and had to carry through whether I made or lost.

Q. There were a thousand shares transferred by H. B. Griffith and a thousand shares transferred to Arthur Dufréne to Senator McDougald on October 1st, 1929, and on October 9th he transferred 2,000 shares to the Montreal Trust Company and Newman-Sweezy; on the same date there were 6,000 shares transferred. I am speaking of Syndicate shares transferred to the Montreal Trust Company. What was that transaction?—A. I don't just know. I would like to ask Mr. Griffith about that, the 6,000 shares. I do not recall just what that transaction was. What date was that?

Q. October 9th, 1929. They transferred 8,000 shares between them on that date.—A. Well, those 6,000 shares must be the Jones transaction, that I took and transferred through my firm, Newman-Sweezy & Co.

Q. I would like to know what they are?—A. Of course, I did not try to remember them because the books of record are always there. I cannot remember precisely the various transactions that were made especially at that time when I was called upon to raise \$3,000,000 or \$4,000,000 and had to do some hypothecation.

Q. May we take it that it was a financing transaction?—A. I think so.

Mr. WHITE: All right, I will accept that.

*By the Chairman:*

Q. Who paid for the 1,000 shares of Mr. J. R. Lefebvre?—A. J. R. Lefebvre.

Q. He was in the office of Senator Raymond?—A. He was the secretary of Mr. Timmins. Now, it was either Mr. Timmins or Senator Raymond paid for that, I do not know which.

Q. That is part interest is it not?—A. Yes, I take it that is part interest.

*By Mr. White:*

Q. Those 8,000 shares represented at distribution \$1,200,000 in cash, did they not?—A. Distribution? You mean at \$150?

Q. Yes?—A. Yes.

Q. And 320,000 shares?—A. Yes.

Q. A little more than 25 per cent of the whole syndicate?—A. 8,000 shares out of 25,000 would be nearly one-third.

Q. I figured out twenty-six and two-thirds per cent. At least Mr. Symmes figures it out?—A. Well, he probably figured the 30,000 shares instead of 25,000.

Q. There were only 25,000 sold?—A. Yes.

Q. That would be about a third then?—A. Yes.

The Committee adjourned to meet at 11 o'clock a.m. Tuesday, July 14, 1931.





HOUSE OF COMMONS, ROOM 231,

TUESDAY, July 14, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:—

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

The CHAIRMAN: Are you ready to go on now, Mr. White.

Mr. WHITE: I wanted to make one little correction, Mr. Chairman, just for the sake of being correct, and that is in regard to Mr. Starr's fee. I find on looking at the working sheets which have been prepared for me by Price Waterhouse, that the cheque which was issued to Mr. Starr was issued to the Dominion Securities by the Marquette Co., as stated by Mr. Starr yesterday.

Mr. STARR: Do you recollect whether there were any funds to meet it, Mr. White?

Mr. WHITE: Perhaps you will be able to speak more feelingly than I as to that.

Then I understand Mr. Griffith wishes to make a statement in regard to page 447 of the evidence.

The CHAIRMAN: Is that in connection with Mr. Newman.

Mr. WHITE: Yes.

Mr. GRIFFITH: Mr. Chairman, I have been reading through part of the evidence that I gave, and I find on page 447 of the printed evidence, in answer to a question by Mr. White, I gave a list of the syndicate members. The second question reads:—

Q. Have you J. C. Newman?—A. Newman-Sweezey & Co., in trust 800.

That is obviously not an answer which refers to John C. Newman's interest. I thought for the purpose of clarity it should be established on the record that Mr. John C. Newman was a member of the first syndicate by virtue of the fact that he purchased 25, I believe, from his brother, Henry Newman, which became 50 part-interests in the second, that he applied and paid for 50 additional part-interests in the second syndicate.

The CHAIRMAN: That is his interest in the first along with others gave him the right to apply.

Mr. GRIFFITH: That is right, sir.

Mr. WHITE: Perhaps Mr. Griffith might speak as to this matter, if he knows about it. Just while you are there, Mr. Griffith, I find a note here of a payment of \$2,000 to Mr. Wilfred Gariety. Do you recall that?

Mr. GRIFFITH: That was included in the list of legal expenses, was it not.

Mr. WHITE: Yes.

Mr. GRIFFITH: Mr. Gariety is a lawyer in the city of Three Rivers. At the time he applied to Quebec for the amendment to the charter he was retained by us, with others, as I think you pointed out, to assist in the educational campaign.

Mr. STEWART: He would not be the Liberal candidate now in Three Rivers.

Mr. GRIFFITH: I do not know.

Hon. Mr. MACKENZIE: That is why the question is asked.

R. O. SWEEZEY, examination by Mr. White resumed.

*By Mr. White:*

Q. Then, Mr. Swezey, I would like you to look at Exhibit 62 which is the McRae plan filed with the Sterling Industrial application. You do not need to look at the whole of it. Do you recognize it?—A. I think I have seen that before in connection with the Sterling application. I am not absolutely positive. I have seen hundreds of them you know.

Q. I just call your attention to this note on the lower right hand corner. It is dated June 20th, 1924. The application was made, we are told, on the 5th of July, 1924?—A. Yes.

Q. And the plan is signed John B. McRae, engineer, and then there is this note on the bottom:—

This plan has been traced from plans made by the Department of Railways and Canals.

Did you understand that that was the kind of an application you were buying?—A. No, sir. I understood that it was one which had been carefully studied by Mr. Henry. I was impressed by the fact that it corresponded so closely to the plans that we had in mind.

Q. Yes.

Mr. LENNOX: Is that the plan that accompanied the application of the Sterling Corporation?

Mr. WHITE: Yes. It says on the bottom:

This plan has been traced from plans made by the Department of Railways and Canals.

Q. And then, while we are on that subject, did you know that Mr. McLachlan on the 24th of January, 1924—I am referring to Mr. D. W. McLachlan—read a paper before the Annual General and General Professional Meeting of the Engineering Institute of Canada?—A. I do not recall that, sir.

Q. You do not recall that?—A. No, sir.

Q. Would you be surprised to learn that? Is your eyesight pretty good?—A. Fairly good with my glasses on.

Q. Would you look at page 123 of the Engineering Journal, the issue of March, 1924. Look at the plan there and tell me whether it closely resembles the plan as filed by the Sterling Company?—A. Yes, I would say that it does.

Q. Had you seen this article?—A. No, I do not recall having seen this.

Mr. WHITE: I think perhaps, Mr. Chairman, I had better file it. It is the March, 1924, edition of the Engineering Journal.

The CHAIRMAN: That will be Exhibit No. 83.

Mr. WHITE: I am referring to pages 119 to—

Mr. LENNOX: What is the point in filing this, what information does it give?

Mr. WHITE: It is an article, a paper by Mr. McLachlan starting at page 119.

Hon. Mr. MACKENZIE: What is the point in it, Mr. White.



Mr. WHITE: The point is that the scheme set out in the Sterling application is pretty much as set out in this paper.

Hon. Mr. MACKENZIE: What is the inference from that?

Mr. WHITE: That it was available to anybody who wanted to make an application along those lines.

Mr. LENNOX: Is that before or after the Sterling application?

Mr. WHITE: Before.

Hon. Mr. MACKENZIE: Are you suggesting that McLachlan borrowed their plans or that they borrowed McLachlan's.

Mr. WHITE: I am not suggesting. I am suggesting that the tracing that was filed was simply a copy of the plan made by the Department of Railways and Canals, and that the project as described in the application is very similar to the one described by Mr. McLachlan in that paper.

Hon. Mr. MACKENZIE: It is also similar to the present project, is it not?

Mr. WHITE: No, I think not. I think there are important differences.

Hon. Mr. MACKENZIE: I have been unable to discover any in the plans.

*By Mr. White:*

Q. Now, Mr. Swezey, looking over the Minutes of the shareholders of the Beauharnois Light Heat & Power Co., and referring to a meeting on the 17th September, 1928, it was pointed out to Mr. Griffith when he was giving his evidence that there is this Minute:—

The President submitted to the meeting a report of the activities of the company during the past year, and on motion duly seconded it was unanimously resolved that the acts of the directors be ratified,

and so on.

Was that a verbal report, or did you make any report?—A. I do not recall. It must have been a verbal report. At those meetings it is customary to give a resume of what has preceded and what has occurred the year before.

Q. Can you tell me now what you said on that occasion?—A. I do not recall, sir.

Q. Are you trying to recall?—A. Well, in the short time since you have asked me the question, yes. But we have had a good many meetings and I have always given verbal reports of the work done up to date at all meetings. As a matter of fact, I cannot pick this special one out especially as it is some time back.

Q. Do you say that it was confined to a description of the work that had been accomplished up to that time?—A. Well, I do not see that it could be anything else.

Q. I see. Well, may I take it that it was confined to that?—A. Yes.

Mr. WHITE: At this stage, Mr. Chairman, there are several other matters that I might want to ask Mr. Swezey about, but I have not had an opportunity of getting my material in the shape that I would like it, and I am sorry for that. The pressure is pretty great, and I would like the privilege, perhaps later, of recalling him.

Mr. MONTGOMERY: I wonder, Mr. White, while I think of it, if we could have Col. Dubuc here? He is the Chief Engineer, Department of Railways and Canals.

Mr. WHITE: I see no objection. Do you wish to call him as a witness?

Mr. MONTGOMERY: Yes. It is really to corroborate Mr. Henry on the Montreal Cottons.

The CHAIRMAN: Well, I am sure the members of the committee will be glad to hear any evidence that will be helpful. Would you mind consulting with Mr. White. Probably you can shorten it up.

Mr. WHITE: Just on that point, Mr. Chairman, I understood that the committee had expressed itself pretty forcibly on Mr. Henry's evidence as to whether he had not been consulted.

The CHAIRMAN: I do not just follow you, Mr. White.

Mr. WHITE: I understood that the committee had accepted Mr. Henry's statement that he had not been consulted about this project during the time that he was Deputy Minister.

The CHAIRMAN: That is what Mr. Henry has told us.

Hon. Mr. MACKENZIE: What is the point, Mr. Montgomery, you want to make.

Mr. LENNOX: I think if Mr. Montgomery wants to call Col. Dubuc we had better call him.

Mr. WHITE: Very well. I understand that Mr. Montgomery or Mr. Forsythe desires to ask this witness some questions.

Mr. FORSYTHE: I just wanted to ask Mr. Sweezey one or two questions.

Examined by Mr. Forsythe.

*By Mr. Forsythe:*

Q. Mr. Sweezey, there has been some evidence with respect to the regulation of Lake St. Francis. I understand that is a subject that you have yourself studied fairly closely, and I would like you to explain to the committee the proposals with regard to controlling that water level.—A. Well, the control of the level of Lake St. Francis is a very simple engineering problem. The building of part of the dam at the outlet of Lake St. Francis, as indicated by the red marks on that map, are the sites at which such dams will be built. Now, those dams all contain gates and the lowering or raising of those gates will maintain the level constant in Lake St. Francis at whatever desired level is required. Also the regulation at the power house is such that the regulation of the flow both through the canal and through the river is one of mathematical precision. There is no reason why engineering construction cannot make it so. I presume it is not necessary to go into the engineering details. I am explaining it in principle only.

*By Mr. White:*

Q. The keeping up of the level of the lake and diversion of the water also involves the question of what would happen in the present channel in the St. Lawrence River?—A. The regulation of the dam at the head of the channel plus the regulation of the gates at the power house can be done with mathematical precision. The exact number of cubic feet per second can be determined.

*By Hon. Mr. Mackenzie:*

Q. Would there be any danger of the river being dried up in the event of a full flow, if you got a full flow?—A. No, because the regulation at the foot of the lake is such that you can allow any number of cubic feet to pass through the dam; and the drying up of the river would not be advisable or desirable, because the level in those two or three stretches of the river that are more or less smooth can be maintained by dams at the head.

Q. One of the previous witnesses stated that your present Beauharnois project may disrupt the St. Lawrence River scheme as recommended by the International Joint Board of Engineers?—A. The International Joint Board of Engineers recommended a plan that to me, when compared with ours, looked

rather complicated and probably much more costly. In the first place there was a drop of three or four feet at the head gate out of Lake St. Francis into the channel of the river. That was one form of interruption. Then there was a canal cutting across the present Soulanges Canal. It might mean interrupting navigation on the St. Lawrence Canal for a period. It involves also three different power houses, and in estimating the cost of the three-stage plan it also destroys Cedars Rapid outlet; it would be quite a sacrifice. The plan we studied and compared with it was one on the south side, which we eventually adopted; and in the comparison made between the cost of the so-called three-stage plan and the Beauharnois plan, one of the important items of comparison was the excavation cost. On the three-stage plan there was very little excavation; so obviously if you applied a unit cost figure of excavation that was too high it would adversely affect Beauharnois as compared with the other three-stage plan. The figure adopted was 33 cents per cubic yard as the estimated cost of excavation. In comparing the Beauharnois plan with the three-stage plan we assumed a figure somewhat lower than that; we took 24 cents per cubic yard and still figured we were high, but to meet criticism we adopted that as a fair figure. That comparison gave ours a cost, considering the whole development, lower than the three-stage plan when we took into account the interruption to Cedars Rapid, and other difficulties in the way, particularly the hazards involved in building two dams across the St. Lawrence, and one of the dams with its wings would be nine miles long. Those were hazards which, from an engineering standpoint, we felt rendered it impossible to make an accurate estimate.

Coming back to Beauharnois, our experience has been, after two years' excavation with suction dredges, that the cost instead of being 33 cents or 24 cents per cubic yard has come down to 13 to 15 cents per cubic yard. As a matter of fact, during last year the cost, including amortization of the dredges, was down as low as 7 to 8 cents.

*By Mr. White:*

Q. That is only for the dredging operations?—A. That is the biggest item of expenditure. If we estimate that the whole river was to go through the canal, probably the total excavation would amount to over 200 million cubic yards, and if we say 20 cents per cubic yard it would mean a saving of \$40,000,000 on that item alone, which you can see makes a great difference in the total cost of that stretch of the river.

*By Hon. Mr. Mackenzie:*

Q. Looking at this matter purely from the standpoint of navigation, is it your evidence that it will fit in with any future development of the International section, as far as navigation is concerned?—A. As far as navigation is concerned, I think it would give the best canal on the whole of the St. Lawrence River, because the canal we have signed the agreement with the Dominion Government to build will be twice as wide as the new Welland Ship Canal; and although we are required to make it 27 feet deep our plans call for a depth of 30 feet, which is really a surplus depth.

As regards bridges, the span through which the ships will pass will be the standard adopted by the Deep Waterways Plan.

As regards navigation, which is the point you have raised, there has been a feeling that this would be a detriment to navigation. I do not know why; I never could understand why that feeling is abroad. For a long time it was supposed that Quebec was opposed to deep waterways. Now we are, in this particular instance, building in the Province of Quebec what constitutes really the most difficult part of the deep waterways on the whole of the St. Lawrence River. It is probably the longest and most expensive canal of any of the



series on the river. I would like to say something about the width of the canal. There seems to have been a lot of discussion in the early days on this subject. In considering the development of the water power at this point we had in mind avoiding, if possible, the difficulties which had been encountered in the development of Niagara Falls. Everybody knows that Niagara Falls is the biggest water power in the world, but because of certain scenic conditions and the desire to maintain the aesthetic beauty, it was thought advisable to develop it piece-meal, and consequently no comprehensive plan was undertaken in the beginning to avoid future additional costs in the development. The future development at Niagara Falls will probably always be on an ascending scale of unit cost. We tried to lay out our work so that all future development will be on a descending scale of unit cost. Therefore, in making the canal as wide as we are, we are incurring the additional cost of the land in between, and we are leaving it available, and by pumping it out by a suction dredge it will ultimately cost less. Our first 500,000 horse power will cost approximately \$150 per horse power, and the successive developments per unit will cost about \$65 per horse power. Had we not built the canal in this way we would probably find the future developments from time to time would be on an ascending scale of unit cost. True, that water is not ours, but it seems to me that it is providing this facility for future low cost, and the country, at least in the meantime, will benefit from the facilities thus afforded. If we get it, then the public, or the industries using the power, will have the benefit of low cost power; and after all, that is the crux of the whole thing, because without low cost power the industries we have in mind could not be induced to come to this point.

*By the Chairman:*

Q. Did you lay the plan before the Government just in the way you have explained it to us?—A. Before certain persons, yes. We did, with the Quebec Government. It was clear with them that this plan had to be laid out to avoid all future piece-meal works such as the Cedars Rapid and the Canadian Light and Power and one or two other developments which utilize only part of the head, and ultimately undoubtedly will have to be removed, and the water used over the complete head.

Q. In what way did you change the representations made to the Federal Government?—A. I do not think we made any representations to the Federal Government as regards the future outlook, other than to see that this wide canal permitted the diversion of the entire river, and that obviously would result in a lower cost for the entire development. We obviously have had only so much water to take, and I think everybody understood that the wide canal was for the purpose of ultimately taking the whole river; at least, it was obvious on the face of it. Personally I never concealed the fact that that was what the idea was. Any engineer would know that.

*By Mr. Forsythe:*

Q. In your evidence yesterday you were drawing a distinction between the application of the Transportation and Power Corporation Limited and that of the Sterling Industrial Corporation. Now, reading from a paragraph of a letter from The Transportation and Power Corporation Limited which appears as page 264 of Exhibit 17-804-1A, this is stated:—

As the plan shows, the work the Company contemplates to undertake is the development of a water power by building a canal from Hungry Bay, Lake St. Francis, to Laprairie Basin, below Lake St. Louis, St. Lawrence River, using the water at Laprairie Basin under a head of 120 feet.....

That, I presume, is the difference that you referred to when saying it was not the same or a similar proposition to your own?—A. Yes.

Q. Then reading from the same exhibit at page 265, I notice this statement:

On the 4th of November, 1921, the said Robert did agree to sell, assign and transfer unto the Great Lakes and Atlantic Canal and Power Company, Limited, all their rights, title and interests to the said Indenture and also their rights, title, interests and shares in the Beauharnois Light, Heat and Power Company, incorporated by Act of the Legislature of Quebec, for the purpose of acquiring the water-power, property, business, franchises and contracts then owned or operated by Joseph Barthelemi Robert, author of the said Robert, and that, in fact, a sale of the said water power, property, business franchises and contract was made to the said company by the said Robert, on the 26th March, 1910.

Then I see in the exhibit further references to the foundation of the application as being the rights acquired from Robert, and at page 272 of Exhibit 17, I see a letter signed on behalf of Beauharnois Light, Heat and Power Company, per W. H. Robert, pointing out that the Roberts themselves protest against the application, and stating in the third paragraph:—

The pretended sale by the Estate of the Great Lakes and Atlantic Canal Power Company Limited has never been consummated and the Estate still owns all the rights conferred to it by the indenture with His Majesty the King dated the 25th December, 1909, and the Estate is the only party entitled to the benefit of the said indenture.

Then the last paragraph states:—

The Estate is prepared to support its opposition if so required and in the meantime strongly protests against the application made by the Transportation and Power Corporation, Limited.

Now, when you came to the year 1928, Mr. Sweezey, you had then acquired the Robert rights yourself?—A. Yes.

Q. You were then, of course, aware that the contentions made in the application at page 264 were unfounded?—A. I understood that their application was based upon the contention that they owned the Robert rights. Similarly I would never have thought of making any application at the time we did unless we had the Robert rights.

*By Mr. Lennox:*

Q. Supposing their application had been accepted by the Government, what would your position have been?—A. We would not have applied by that time, I suppose, because the water would have been taken out of the St. Lawrence for a stretch of about 25 to 30 miles.

Q. If that was the case, why could you not negotiate to get rid of that?—A. That application had been in there since 1921, and nothing had been done about it.

Q. 1924?—A. 1924. Nothing had been done about it, I presume because their application was based on their contention that they owned the Robert rights.

Q. That could not be the reason, because the other company made application within ten days afterwards?

Mr. WHITE: And based on no rights whatever? (No answer).

*By Mr. Lennox:*

Q. The Sterling Industrial Corporation had made application within ten days after, and you wanted to get rid of them?—A. I thought they might have a better chance of getting the application through.

Q. I do not think it makes any difference about what they applied for. What I am interested in finding out is why you wished to get rid of the Sterling Industrial Corporation and paid no attention to the other company? If their application had been accepted by the Government you would not have made your application?—A. No; but I didn't think they had sufficient funds nor the organization to do what they contended. In other words, I did not take them seriously.

*By Mr. Jacobs:*

Q. Dr. McDougald was a man of substance and the power and transmission company were working on a shoe-string or two shoe-strings.

*By Mr. Lennox:*

Q. It is a question of McDougald having political influence while the other company had no political influence?—A. That is another way of expressing it.

*By the Chairman:*

Q. The witness says that is another way of expressing it; is that the right way to express it?—A. I think, probably, it is. Of course—

Q. That is the way I would think?—A. Besides, there are lots of confronting reasons the details of which affect the meaning.

MR. JACOBS: You did state yesterday that you thought at all times that Senator McDougald was over-estimating his importance as a political factor.

THE CHAIRMAN: Anybody who brings home the bacon justifies his existence.

MR. JACOBS: I do not know what is meant by bringing home the bacon, Mr. Chairman.

THE CHAIRMAN: Mr. Jacobs once told me he was orthodox.

*By Mr. Forsythe:*

Q. Mr. Sweezy, Mr. White yesterday was examining you on the various activities of your counsel. I want to ask you if it is not a fact that with the exception of Mr. Geoffrion who was your chief counsel, that the counsel were engaged and largely directed and conferred with Mr. Griffith?—A. It is quite true.

Q. And he would be better able to describe that?—A. Yes, as far as the details of the work, he was the man carrying that out. My main efforts were directed through channels of work with Mr. Geoffrion.

Q. Going back to the start of your activities at Quebec. As I understand it, in 1927, late in the session, you made application for the amendment of the charter of the Beauharnois Light, Heat and Power Company, and you were not successful in having that amendment passed?—A. No, not at that time.

Q. Now, later you went back to Quebec when the Legislature was in session, and presented the amendments to your Bill—that is at the succeeding session—and the amendments were passed?—A. Yes.

Q. Then, I understand you approached the Government with a view to obtaining an emphyteutic lease, which you later obtained?—A. Yes.

Q. Would you just describe to the committee the things which it was necessary to do in connection with the obtaining of that emphyteutic lease. Would you now refer to the different bodies before whom you had to appear, and what had to be done?

HON. MR. CANNON: I do not want to object, but I understand that question is asked subject to the objections I have already made.

WITNESS: After obtaining the amendments to our charter, we had to bring our engineering plans up to date, and then appear several times before the



members of the Cabinet, and before the Cabinet as a whole, to explain our engineering proposals and industrial plans for the future; and in that case we were opposed by counsel of other power interests who had been opposing us right along. And then, of course, we had to have our lawyers again to meet and assist us in the arguments. I would much prefer to argue as an engineer, but lawyers seem essential, and so it was—

Q. A necessary evil?—A. A necessary evil, if you put it that way.

Mr. WHITE: Obstacle removers.

*By Mr. Forsythe:*

Q. Now—A. In regard to our lease, may I say that this lease has been referred to several times—it is a 75 year emphyteutic lease, but the rental is something like a timber rental in the province. The rate of rental is renewable every ten years, and I think, up to that time, the rate that we agreed to pay and the lease which we signed put a price on it higher than any lease that had been signed or approved up to that date. As a matter of fact, I think for the 500,000 h.p. that we are obtaining from the Province of Quebec we are paying more than the two and a half or three million horse power that has been obtained by the three big interests—the Duke-Price, the Shawinigan and the International Power and Paper Company—so that I feel right along we have in no way taken something from the province at a price below its value. In other words, we are paying six times more than the average of all the others.

Q. Are you in a position to compare the rentals which you pay per h.p. with those which are paid in any other province, Mr. Sweezey?—A. I am not prepared to discuss other provinces at the moment. I know Ontario, I presume, does not pay anything except to themselves; it is a publicly owned organization.

Q. Now, after the lease was obtained from the Province of Quebec, you proceeded to direct your efforts towards obtaining approval of your plans under the Navigable Waters Protection Act from the Department of Public Works and the Governor in Council at Ottawa?—A. Yes.

Q. I would ask you whether in prosecuting that application for approval there was any detail involved—particularly engineering details—with respect to your proposal? I understand from your evidence, that you interviewed departmental officials?—A. There was a tremendous amount of detail as to the dimensions of the canal and all the conditions that had to go into the leases that were finally signed, and agreements of that kind involved a tremendous amount of engineering and legal work to get the agreement in shape and acceptable to both parties.

Q. And may I suggest that before the passage of the Order in Council, there was a considerable amount of discussion between yourself and the other persons representing you, and persons representing the departments, representing the Government, with reference to the very thing you were talking about a moment ago—the difference between the north and south shore scheme?—A. Yes.

Q. And did that take some time to do?—A. It took a lot of time and a lot of argument. We had to do engineering work from time to time to prove our contentions. For instance, we had to bore all that stretch of fourteen miles at different points to ascertain the nature of the soil, and to support our argument as to the cost at which we expected to do the work. I am happy to say that our estimates of cost have been well substantiated and have been considerably below the estimates.

Q. Now, you mentioned yesterday, Mr. Sweezey, that Senator Raymond had indicated to you certain reasons why he preferred not to have the units which he had purchased in his own name. I would like you to tell us a little

more about that if you will?—A. Well, Senator Raymond said to me that he preferred not to have his name come out at the time, because he said:

I never put my name to a thing at the early stages. I am willing to risk my money, but not my name. If it makes good, I have no objection to my name coming out.

For that reason it was put in the name of somebody else.

*By the Chairman:*

Q. Is that a life principle with the Senator?—A. I do not know, but he cited two or three instances when he had done the same thing, and he was glad that he had not gone out and associated himself with certain groups who had not made a success of their work. He said I had to make a success of this:

If you do, I will be glad to come in with you.

*By Mr. Forsythe:*

Q. In other words, it was a question of being willing to gamble with his own money, but he did not want, by gambling, to have his friends drawn in to follow his advice?—A. It is one thing for him to pay his money in, but his close friends—he thought they would do it too, and he did not want that.

*By the Chairman:*

Q. Did you believe him?—A. Yes. He was sincere. He cited the case where he had taken shares in transportation and power and he was very much disgusted at the turn of events in that way.

*By Mr. Lennox:*

Q. Is that the reason Senator McDougald did not want his name mentioned?—A. I do not know. He may have had some other reason.

*By Mr. Forsythe:*

Q. Now, just while we are on that subject, Mr. Sweezy, when you are promoting an enterprise of this kind, or any large enterprise in the Province of Quebec, have you found it expedient, desirable to have prominent members—prominent French Canadians associated with you?—A. I think it would certainly be unwise not to include prominent and capable French Canadians in a French Canadian Province, especially as I speak French just as fluently as the French Canadians do, and I know them probably better than most Anglo-Saxon people do.

*By the Chairman:*

Q. Is it just for that reason?—A. I find it very desirable, sir. I would have thought my situation entirely unbalanced if I had not had French Canadians in it.

Q. I think it would have been unbalanced too. That is a large order that Mr. Forsythe encompassed in that simple question. A good many inferences might be drawn.

HON. MR. MACKENZIE: If the question referred to French Canadians with political influence, it probably would be more palatable.

MR. FORSYTHE: I am not sure now whether it was the question or myself that was simple. I can assure you that there were no inferences which I had to suggest, other than I think was the very obvious one.

*By Mr. Forsythe:*

Q. On this question of political influence, I asked you whether in the promotion of this enterprise you did not take great care that the persons whom you had associated with you had prestige both in the financial and political

way?—A I think it was obviously necessary not to have people associated with me, for instance who would have been offensive to the administration, in behalf of the administration I had to deal with.

Hon Mr. MACKENZIE: Still carrying out the same maxim, I suppose.

*By the Chairman:*

Q. There were three classes. The first preferred class would be prominent men with political influence and money. That is the first preferred class. The next class was the man who had money, but who was neutral in politics, and had no influence whatever?—A. Yes.

Q. And the class that you wanted to keep clear of was the class that had no money and no political influence?—A. Yes. Certainly no money would not have been of much use to me. No political influence and some money would have been all right, and we did get it.

Q. And no money and lots of political influence would have been valuable?—A. It probably would have been valuable.

Mr. STARR: Referring to Exhibit No. 24, a speech made in the House of Commons on May 19, 1931, reading from an extract from that speech, we find these words:—

Senator McDougald was interested in the promotion of Beauharnois Light, Heat and Power Company in 1927 before the Legislative Assembly of the province of Quebec.

Q. What do you say as to the truth of that statement?—A. He was not in then; he certainly was not.

*By Mr. White:*

Q. Not in when?—A. In 1927.

*By Mr. Lennox:*

Q. When was the Moyer application?

Mr. MACKENZIE: The 4th April, 1928.

Mr. FORSYTHE: April, 1928.

*By Mr. White:*

Q. When was the deal made in regard to the acquisition of the Sterling?—A. That was in, if I recall—I will have to ask Mr. Griffith about that.

*By the Chairman:*

Q. Moyer applied for his shares on the 4th April, 1928?—A. Sterling was some time later.

Mr. FORSYTHE: The 18th December, 1928.

*By Mr. Lennox:*

Q. McDougald was interested in the Sterling Industrial from 1924.—A. Sterling Industrial was not part of our organization.

Q. No, I know.

*By Mr. White:*

Q. Interested in some sort of Beauharnois project?—A. Yes; but not to my knowledge. We did not know the Sterling until very late in the day.

Mr. STARR: Are you trying to say he was interested in the Beauharnois project in 1923?

Mr. WHITE: I am trying to say exactly what I did say, that he was interested in some kind of Beauharnois project as early as 1924.



Mr. STARR: You mean by that he put an application in for the Sterling?

Mr. WHITE: I mean exactly what I say, nothing more, nothing less.

Mr. STARR: Then, with regard to the correctness of Mr. White's statement—

The CHAIRMAN: What Mr. White is saying, Mr. Starr, is this; that Senator McDougald was interested in a Beauharnois project as early as 1924. In fact, I think the evidence goes back to 1923.

Mr. STARR: That is a correct statement if he refers to the Sterling application; if other than that, it is incorrect.

*By Mr. White:*

Q. In regard to the application of the transportation company, I am giving it that short name, but you know the one to which I refer?—A. Yes.

Q. That would have had developed a 120 foot head would it not?—A. Yes, and it was absurd from an engineering standpoint, in my opinion.

Q. In your opinion. If it had been developed at that head, the utilization of water would have produced, at that head, a much greater quantity of electrical energy than at a 80 foot head?—A. Yes; but at a very much higher cost per unit.

Q. Maybe. You are arguing with me, not answering my question?—A. Yes. It might give a wrong impression, if I admitted that.

Q. Never mind about that. We will get that.

Mr. FORSYTHE: I think he should take care of that.

Mr. WHITE: I do not want to give wrong impressions. I am merely asking Mr. Sweezy to answer my questions.

Q. Then, in regard to the value of water power about to be converted into hydro electric energy, of course the water power that has no market is valueless, is it not?—A. Yes, unless you can go out afterwards and create it.

Q. I mean, not much value without a market?—A. It certainly has no value.

Q. Without a market it is valueless?—A. Yes.

Q. So the value of water power depends to a very large extent on its proximity to the market?—A. Yes.

Q. Because in that way you have a very much cheaper transmission and less line loss?—A. Yes, sir, and less cost of construction.

Q. This water power in that respect, at least, that is the water power at Beauharnois is very valuable from that standpoint because of its proximity to Montreal, which is a very large consuming centre?—A. Well, that is not exactly what is in my mind. The value of this water power, if it were small enough to be utilized almost entirely for domestic consumption, would bring a much higher return. But in the vastness of this undertaking, we are not looking to domestic sale of power, we are looking to its application to industries on a very large scale, and unless that power can be sold at a low price to those industries, metallurgical, electro chemical, which we are seeking, and in which we have made some considerable progress, unless we can provide them with power at a very low price, we cannot interest them to come there, so that the value, obviously, is dependent upon the return, when you consider the low price at which this power must be sold.

Q. I take it that you are trying to tell me that in addition to its value by reason of its location closest to the largest city in Canada, that it has an additional value by reason of its adaptability for use in these industries which you have described, by reason of its being practically at sea level?—A. Particularly because at an ocean port.

Q. Available for water borne freight?—A. Yes. I do not know any other large water power in the world except on a very much smaller scale in Norway, where you can bring ocean ships right up to the power house.

Q. So that you have, as I say, an additional advantage here?—A. Yes.

Q. And that makes the water power that much more valuable, whatever it may be?—A. Yes.

Q. There is another matter which I want to take up with you. I had almost forgotten it. Do you recognize this circular? (producing)—A. Yes, I have read it once or twice.

Q. Do you know the firm which issued it?—A. Yes, I know Mr. Dodd.

Q. Issued by Robert Dodd and Company?—A. Yes.

Q. Incorporated, they say, whatever that means. A firm of brokers or financial—A. I think he might be a broker, and probably—what does he call himself?

Q. Investment banker?—A. Well, the difference between a broker and an investment banker is an investment banker buys on his own account, takes his risk; whereas a broker buys and sells only on orders from somebody else.

Q. Taking this statement made in this circular,—

We have been enabled to purchase what we believe to be the entire floating supply of this issue, and in view of the prevailing low rates for money and the resultant favourable upturn which we anticipate in the bond market,——

Now, that is referring to the issue of \$30,000,000 of bonds. Is that statement correct?—A. No, it is not, sir.

Q. Do you know whether they had been—A. He was negotiating to purchase a block of bonds at that time.

Q. Negotiating with whom?—A. He was speaking to me about it.

Q. That would be Newman, Sweezey and Company?—A. Well, he spoke to me personally, and I referred him to Newman, Sweezey and Company, but he never could consummate the deal with Newman, Sweezey and Company because they did not agree on the price.

Q. That statement made there is wholly incorrect?—A. Well, he was anticipating—I think he was sincere when he made that, but he——

Q. How could he be sincere in saying,

We have been enabled to purchase what we believe to be the entire floating supply of this issue,

when he had not been able to purchase it?—A. Well, I am not making any apologies for his mis-statement.

Q. No? I just want to see how correct this was because I understand certain deductions have been made from certain statements in this circular?—A. Yes.

Q. I think it is only right and proper, from your standpoint at least, that we should know what you think about it.—A. Yes.

Q. Then,

An enumeration of the several basic factors bearing upon the company's future success, here follows:—

(1) Formal admission of the scientific feasibility of this huge undertaking, by independent international engineers.

Was that a correct statement?—A. I do not know; I do not know just where they got that.

Q. Had there been an investigation by independent international engineers?—A. I do not know just quite what that means.

Q. Who were the particular engineers employed by you?—A. Well, the bankers employed Mr. Crane, who is a man of international reputation as an engineer.

Q. Where does he live?—A. He lives in New York and is consulting engineer particularly for banking houses, a man whom they consult before they invest their money.

Q. What other engineers?—A. W. S. Lee, an American engineer, and probably is a man who has built more power developments than anybody else.

Q. May I take it the two principal engineers employed on this work were American?—A. Mr. Lee was, and Mr. Crane was not employed on the work except being consulted by Mr. Lee and also by the bankers, at least, consulted by bankers first. The bankers got his opinion, and Mr. Lee retained him to advise him. Mr. Lee is one of our principal engineers in this work. As I said yesterday, it was very difficult for us to get Canadian engineers at that time, because the other power companies would not permit them to work for us.

Q. Well, I was under the impression that we had some very eminent Canadian engineers?—A. And so we have, but the eminent Canadian engineers are employed most of the time with others, and difficult to get. I would not say we have very many; we have some.

Q. Are you giving that as a reason for going out of the country for your engineers?—A. No; I am not making any apologies for going out of the country; except I am giving you the reason. It was a very good one. Mr. Lee had just completed successfully the development of the great Ile Maligne, on the Saguenay river, which is some 500,000 h.p., and had made a great success of it. We were particularly anxious to have a man who knew his business. I would say also, if I may be permitted to add something, that after Mr. Lee became associated with us, strong efforts were made by people in the United States to have him abandon us, and not work for us, illustrating further my contention that it was difficult to get engineers.

Q. Where did you get that information, from Mr. Lee?—A. Yes.

Q. Then, this circular goes on:

It is our reasoned opinion, based on demonstrable quantities, that, owing to the common share attachments to this Beauharnois 30-year bond, the market for the bond will, in the course of the next five years, establish a direct or an equivalent valuation ranging from \$150 to \$200 per \$100 bond.

What do you say about the correctness of that?—A. That was written in the flush of the 1929 prosperity wave.

Q. As a matter of fact, the bonds are now selling about sixty-five, you told us?—A. Sixty-nine or seventy, I understand.

Q. Then, this further statement:

It will be observed that our analysis discusses in circumstantial detail the expectations of this 30-year bond-share-warrant investment over a five-year period, when 1,000,000 h.p. should be in operation—

Mr. FORSYTHE: Where is that, Mr. White?

Mr. WHITE: On the second page, first column, with the caption "Over \$4 per Share":

It will be observed that our analysis discusses in circumstantial detail the expectations of this 30-year bond-share-warrant investment over a five year period, when 1,000,000 h.p. should be in operation; and we show with that production unit, which is 50 per cent of the final objective, an earning power equal to slightly over \$4 a share on the combined common stock outstanding.

What do you say about that?—A. Well, that is his own estimate.



Q. Do you agree with it?—A. No, I cannot say that I agree with it at the moment. And I do not want to be quoted; I do not want to pose as a prophet. I have enough faith in the country, however, that things will be a great deal better than they are to-day.

Q. When?—A. Well, if I knew precisely I would make everybody rich.

Hon. Mr. MACKENZIE: By a change of Government.

Mr. WHITE: We had better have a vote on that, Mr. Chairman.

Q. Then this further statement:

In the matter of capital outlay per horse power we find that the initial capacity of 500 h.p. will entail an overall capital charge of \$70,000,000.

What about that statement? We have it from Mr. Henry that it is \$79,000,000?

—A. \$76,000,000. That is approximately correct.

Q. Then:

Whereas the second 500 h.p. can be completed for just half that amount. You put it at somewhat less than half.—A. Well, I believe—

Q. You said \$65 as compared with \$150.—A. Those are approximate figures.

Q. Then this proceeds:

Therefore, the first 500,000 h.p. will cost approximately \$140 per horse power, while the second 400,000 will cost exactly half, or \$70 per horse power, giving an average of \$105 per horse power for the two initial units of 1,000,000 horse power.

Is that a substantially correct statement?—A. I think that would not be far out. It is an estimate, of course.

Q. Did you have any dealings with this firm in respect to any of your shares?—A. Yes, I sold Mr. Dodd 100 shares when I bought the Jones interest.

Q. And so far as Newman Sweezey are concerned, or you or Newman Sweezey are concerned, is that all the shares?—A. When this syndicate was formed for the financing, the sale of the \$30,000,000, I think there were about 150 houses in these several syndicates and he was one of them, I looked it up the other day and I understand that he had \$22,500 in shares, in bonds in that syndicate.

Q. And?—A. One hundred part-interests that he bought from me when I bought out from Mr. Jones.

Q. This pamphlet, I understand, Mr. Chairman, was either referred to or the statements made there were referred to by Mr. Gardiner in one or more of his speeches in the House, and I think, therefore, it had better be filed if it has not already been filed.

*By Sir Eugène Fiset:*

Q. Do you take any responsibility for the issuing of that statement?—A. Certainly not. It is not my company, and he was merely a participant in the issue when it came out, to a very small extent.

*By the Chairman:*

Q. You say there were approximately 150 brokers who were organized—  
—A. Investment bankers, Mr. Chairman. I made that distinction a while ago between brokers and investment houses. The broker is one who simply buys and sells when he receives an order. He does not buy on his own account and hold at his risk.

Q. Are you sure that the broker always buys when he receives an order?  
—A. I am not so sure as to that, but that is what his function is.

Q. I cannot just see the difference.—A. There is, sir, quite a distinction between a broker and an investment banker. A broker is a man who is a member of a stock exchange and who is supposed to buy on your order and charges a quarter of a point.

Q. What about the brokers in the city of London?—A. They work on a different system from ours.

Q. Is it not perhaps the main difference that it is a disgrace for an investment banker to go broke and it is not for a broker?—A. Quite.

Q. Getting back to my question of the 150, call them brokers or investment bankers or any other euphonic name you care to call them, was there not a uniformity of advertising in connection with the issue?—A. Oh, yes. When a member of the syndicate,—

Q. I am dealing with this 150 who were selling the issue, and I suggest that there was a uniformity of advertising amongst them all?—A. Yes, except in Mr. Dodd's case. He came on afterwards when the thing was all disposed of and the syndicate broken up. He independently advertised and we cannot be responsible for that.

Q. Is he the only one that did that?—A. I do not know.

*By Mr. Forsythe:*

Q. That is the financing syndicate you are speaking of now?—A. Oh, yes. The syndicate imposed certain rigid conditions as to how they might advertise and when.

*By the Chairman:*

Q. Depending on their personnel?—A. Yes. Any investment house might buy a security and say what they like about it on their own responsibility. However, if they said anything detrimental to us we might take objection and do something about it. We cannot, of course, be responsible for what every banking house sells and what they say when they are selling it. A good salesman will speak the truth and some others may exaggerate.

Q. What is that again?—A. A good salesman will speak the truth but others may exaggerate.

Mr. JACOBS: That sounds like a proverb.

The WITNESS: If he did not stick to the truth he would soon find that he could not sell before long.

Mr. WHITE: That is why lawyers always tell the truth, Mr. Sweezey.

The WITNESS: Exactly. I think what he was doing in this case was discounting the future, and when you look back on some things that have developed in this country, and some of the resources and the industries, the picture that Mr. Dodd drew there was certainly not overdrawn as compared with hindsight. Other things have been much more bright than that indicated there.

*By Mr. Jacobs:*

Q. In any event, you do not assume any responsibility at all?—A. Oh, not at all. He was not a member of our syndicate at that time, and when he was a member of the syndicate some time previous to that it was only for a very small amount, it was so insignificant.

*By Sir Eugene Fiset:*

Q. Something like \$22,000?—A. \$22,500.

The CHAIRMAN: Mr. White, do you want to put that pamphlet in as an exhibit?

Mr. WHITE: It is in.

The CHAIRMAN: Exhibit 84.

Mr. JACOBS: It is a waif. All hands disown it.

Mr. WHITE: My object in putting it in, Mr. Chairman, is this, in order that there may be no misunderstanding about it. As I stated before, I understand that in some of Mr. Gardiner's speeches, or in one or both of them, reference was made to the statements that are in that circular, and it is for that reason that I have asked this witness as to their correctness. That is the significance of it, and as I at present see the only significance of it.

Mr. FORSYTHE: Mr. Chairman, arising out of that circular I want to ask Mr. Sweezey one question.

Q. In addition to the services of Mr. Crane, I understand that Mr. Hogg, an Ontario engineer of some distinction, has been employed by your company?—A. Mr. Hogg was the Chief Hydraulic Engineer of the Hydro Electric Commission of Ontario and he was employed by us in a consulting capacity to assist Mr. Lee and Mr. Brown. In fact, I do not want to give the impression that he was an assistant to them. He was really an associate. I understand there is a distinction.

Mr. FORSYTHE: Mr. Chairman, in that connection I have here a copy of a report made by Mr. Crane to Mr. Henry on the subject of the embankments which I would like to file as an exhibit.

The CHAIRMAN: What is the substance of it, Mr. Forsythe?

Mr. FORSYTHE: Well, it is a long thing, Mr. Chairman. It deals with the earthen embankments in general, and the question of their stability.

The CHAIRMAN: Is it technical.

Mr. FORSYTHE: To a certain extent. It is written so that a layman can understand it.

The CHAIRMAN: Let Mr. Jacobs read it.

Mr. JACOBS: I will take it as read.

Mr. FORSYTHE: It deals with the stability, the water tightness of these embankments.

The CHAIRMAN: That is in answer to Mr. McLachlan's statement that he did not think the embankments were sufficient protection.

Mr. FORSYTHE: Yes, and dealing with the question of reliability of the earthen embankments, the methods of construction, and the question of hydraulic dredging which is being used here.

The CHAIRMAN: Do you want to put that in as an exhibit?

Mr. FORSYTHE: Yes, Mr. Chairman.

The CHAIRMAN: Is the man here who wrote it?

Mr. FORSYTHE: Unfortunately we have tried to get him here but we understand he has had some very serious illness in his family and could not come.

Mr. LENNOX: Who is he?

Mr. FORSYTHE: Robert S. Crane, consulting engineer.

Mr. FORSYTHE: In this connection, Mr. Chairman, that report is interesting because Mr. Crane was, as Mr. Sweezey pointed out, the consulting engineer for the bankers and not for the company, although he has since been consulted by Mr. Lee in connection with some company matters, I understand.

Mr. JACOBS: This is a direct answer to Mr. McLachlan's criticism, and therefore I think it should be read.

The CHAIRMAN: If it goes that far, I think Mr. Crane should be here for the purpose of cross-examination.

Mr. JACOBS: It can be read into the record now.



The CHAIRMAN: If that is the substance of this document, that it is an answer to Mr. McLachlan's statement, I doubt the wisdom of putting it in the absence of the witness who wrote it.

Mr. WHITE: The difficulty I see about it is that it is an expression of opinion without the sanctity of an oath, as opposed to the opinion of a man given under the sanctity of an oath.

Mr. JACOBS: If it is merely a question of an oath, I do not think we should worry ourselves very much about that. Mr. Henry, to whom the document was written, could file it, I fancy. He could read it and explain the technical features of it in detail.

Mr. WHITE: I think it is objectionable from the standpoint I have mentioned, Mr. Chairman.

Mr. FORSYTHE: It seems to me it was a rather reasonable thing to use it when investigating the methods employed by this company.

Mr. LENNOX: The point is that Mr. Crane should be here so that he may be cross-examined.

Mr. FORSYTHE: I appreciate that point.

Mr. JACOBS: I suggest that Mr. Henry be asked to explain the letter.

Mr. WHITE: Here is the difficulty about that: I am instructed that Mr. Crane has written other articles, and I am told that he now pretty well agrees with Mr. McLachlan. If that is the fact—

Mr. FORSYTHE: Oh, now!

Mr. WHITE: I say if that is the fact. I am simply explaining the situation to the chairman. If the opinion expressed by Mr. Crane in his document is to be considered by the committee, it can only be considered in the light of his possible cross-examination; and if he has written other articles it may be that his opinion has changed.

Hon. Mr. MACKENZIE: He has not had much time to change his mind since October, 1930.

Mr. WHITE: A lot of water has run over Cedars Rapid since that time.

The WITNESS: He has been on the job several times since then.

Mr. JACOBS: Where is Mr. Crane now?

Mr. FORSYTHE: His home is in New York, and I understand he is in Charleston, South Carolina.

Mr. GRIFFITH: I understand he is somewhere in Colorado.

Mr. WHITE: Might I ask my friend to let the matter stand until I make some inquiry as to what possible subsequent things have been written by Mr. Crane on this subject; if I find my instructions are correct I shall take one course, and if I find they are incorrect, I shall take another course.

Mr. JACOBS: Yes; let it stand until to-morrow.

Mr. FORSYTHE: There is no objection to that.

Mr. WHITE: In the meantime, will my friend let me have the document?

Mr. FORSYTHE: Yes. Mr. Chairman I would like to tender at the same time as an exhibit for the committee a memorandum prepared by Mr. Hogg, to whom I referred a moment ago, submitted with a letter dated October 31, 1930, to Mr. Henry, entitled: "A memorandum re Beauharnois Power Company's docks along canal." I want to point out, in connection with the reports of both Mr. Crane and Mr. Hogg, that they are not prepared designedly to meet criticism voiced before this committee, but they are opinions taken in the ordinary course in constructing this canal; and it seems to me possible, with my experience of expert witnesses, that perhaps the expression of opinion that

a man gives in the ordinary course of his business is sometimes far more valuable than that which he gives when he is before a tribunal engaged in meeting some criticism that has been voiced there.

The CHAIRMAN: I think it is pretty generally understood that the best method to employ to gather the testimony of, say, five experts is to bring on six.

Mr. FORSYTHE: Or seven.

Mr. WHITE: A question of avoirdupois.

Mr. JACOBS: We have to depend on someone in a case of this kind.

Mr. FORSYTHE: I am offering that document as an exhibit.

The CHAIRMAN: Personally I can see nothing in the pamphlet that is objectionable, but in the absence of Mr. Hogg I suggest that you let Mr. White read it over, as well as the report by Mr. Crane, and let them stand for the time being. My present view is that the committee will allow them in, but we want to scan them before we decide.

Mr. FORSYTHE: I shall be delighted to let Mr. White see them, because I am sure he will get some valuable information from them.

Mr. WHITE: Your consideration for me is quite touching.

The CHAIRMAN: Gentleman, it is moved by Mr. Jacobs that we adjourn until 3 o'clock this afternoon. We shall sit from 3 o'clock until 6 o'clock, and from 8.30 o'clock until midnight or thereabouts, I suppose.

The committee adjourned at 1 o'clock p.m. to resume at 3 o'clock p.m.

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### AFTERNOON SESSION

On resuming at 3 o'clock.

The CHAIRMAN: All right, Mr. White.

Mr. WHITE: I have a telegram, Mr. Chairman, from Mr. F. P. Jones, dated to-day and sent apparently at 11.10 o'clock. It is addressed to Mr. Dun, and reads as follows:

Telegram received too late this morning to leave to-day. Have important appointments Wednesday. Please wire if Thursday would do, and what time you require me.

Hon. Mr. MACKENZIE: We cannot tell, very well.

The CHAIRMAN: Notify Mr. Jones to be here to-morrow.

Mr. WHITE: I assume, Mr. Chairman, that we are through for the present with Mr. Sweezey. I am.

The CHAIRMAN: Are there any further questions to be asked of Mr. Sweezey at the moment?

Mr. WHITE: I will call Mr. Ebbs.

Mr. MONTGOMERY: Col. Dubuc is here, if you want to take him.

Mr. WHITE: All right.

ARTHUR E. DUBUC, called and sworn.

*By Mr. White:*

Q. You are Chief Engineer of the Department of Railways and Canals?—

A. Yes, sir.

Q. And when were you appointed?—A. On the death of the previous engineer, Mr. Bowden, February, 1924.

*By Hon. Mr. Mackenzie:*

Q. Is that the Mr. Bowden who made the joint report on this project?—A. Yes, sir.

*By Mr. White:*

Q. Mr. R. A. C. Henry was appointed Deputy Minister of that Department in—A. The 4th of February, 1929.

Q. And occupied that position until the 10th of March, 1930?—A. I thought it was the 5th, because I believe there is an O.C. accepting his resignation at that date. I may be wrong though.

Q. That is the date he gave me, but it does not matter. You have in mind, I expect, that on the 5th of March, 1929, Order in Council P.C. 422 was passed in connection with the Beauharnois project?—A. Yes, sir.

Q. Did it come to your attention as Chief Engineer of the Department that Mr. Henry was interested in that project?—A. I never knew of it until quite recently.

*By Mr. Lennox:*

Q. Until when?—A. I never knew of it until quite lately, I mean since this inquiry started.

*By Mr. White:*

Q. And during that time when Mr. Henry was Deputy Minister who was the Minister?—A. Mr. Dunning was.

Q. I take it, on account of the dates, that you were Chief Engineer of the department when Mr. Henry came there?—A. Quite.

Q. As Deputy Minister?—A. Yes sir.

Q. Had he been in the department before, during your time?—A. No. When I came to Ottawa in 1924 he had left the department then.

*By Mr. Jacobs:*

Q. You were Superintendent, Lachine Canal, before that time?—A. Of Quebec Canals, in Montreal. I have been in the department since 1919.

Q. Was he then in Ottawa?—A. I think he was one of the General Assistant Engineers in Ottawa at that time.

Q. In the Railways and Canals department?—A. Right.

*By Mr. White:*

Q. And did you have dealings with him at the time that he was in the Canadian National Railway?—A. I cannot recall any. I have known him for many years, personally, but no business dealings.

Q. He told us he was Director of the Bureau of Economics, Canadian National Railways, and as such had a good many dealings I think with your department.—A. More with the Deputy of the day. It may have happened on occasion that we may have consulted on certain things.

Q. But you do not recall?—A. No.

Q. Will you tell the committee, in reference to the application of the Beauharnois Light Heat and Power Company for approval of their plans, which were ultimately approved by Order in Council P.C. 422, whether or not you have any knowledge first as to whether or not he was consulted about that?—A. I am not aware at that time.



Q. Well, are you aware he was not?—A. My only recollection of it is that when Order in Council P.C. 422 that you speak of was passed in March, 1929, by the Federal Government, that the engineers, of course, of the department saw immediately that some steps would undoubtedly be taken by the Beauharnois Company to utilize that big head that they were going to take, to create that 80 foot head, that they would consider some means of utilizing in the most economical manner the water that was being used under such a small head at the Valleyfield dam. So immediately we thought we must prepare for that, because for years the Department has been considering its leases particularly water power leases, and had been trying to cancel a whole lot of them which were very improvident, and one of the leases was that particular lease, No. 21516, granting 10,000 cubic feet to the Montreal Cottons. The original grant was made in 1861 and extended in 1874, and again I think in 1915, granting that 10,000 cubic feet under that 10 foot head for the nominal sum of \$600 per year, which hardly represented more than the rental—which meant that the 10,000 cubic feet was being given for nothing, absolutely nothing. Besides, the lease was perpetual, and without any right to change the rental rate at any time. So we thought that if any occasion should arise by which we can break that lease, and at least get a proper rental for it, we should profit by the occasion.

It just so happened then that the Beauharnois Company applied for it in October, 1929. But before they actually applied in 1929 we knew that they were bound to come to us and ask us for the transfer of that little fall to the big head. So we went to our legal branch. I am speaking now of the engineers of my branch and myself, and we questioned them. We asked them whether the Montreal Cottons could exact the transfer of the site of that head to the new site without our previous agreement. They answered us that not only could they not do that first without the consent of the Governor in Council but they could not assign without a bargain with the Minister in writing. So then we saw our chance and in discussing it with my engineers we said: "Well here is 10,000 cubic feet under a 10 foot head which could easily develop 8,033 horse power, we should charge these people if they come to us, make it a part of our acceptance of the assignment that they should pay us the full rate of \$4 per horse power which meant something like \$36,000 per year instead of \$600.

*By Mr. Jacobs:*

Q. You were claiming the right to charge for horse power?—A. Well, yes, because we had concentrated on the building of that dam between Valleyfield and Grand Isle. That having been done before Confederation we never questioned the right to lease the concentrated head at that point at our expense. So we said for that 10 foot head in any case that is ours, and if someone wants to utilize it somewhere else and we are applied to to let them use it we are going to see that they pay the full price.

Q. That is, the old Province of Canada had created that before Confederation?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. Was it Upper or Lower Canada, or the Province of Canada?—A. That was in 1849 or 1844.

Mr. WHITE: 1840 was the Act of Union.

The WITNESS: The dam was completed in 1849 I know. That would be at a time when the Provinces were under the Government of the Province of Canada. There was a commissioner of works who had control of these things.

*By Mr. Jacobs:*

Q. At any rate, that was created before Confederation?—A. Quite. The dam was created in 1849.

Q. And you take the ground that after 1867 it belonged to the Dominion of Canada?—A. Quite.

Mr. WHITE: That seems quite clear under the British North America Act, Mr. Jacobs.

Hon. Mr. MACKENZIE: It is a very distinct point that he is making there.

Mr. WHITE: I think it is covered by the Act.

The WITNESS: Then there were two other leases that were equally affected, not appreciably though. There was what they call the old Bunton Lease, that is, Lease No. 14332. It has been renewed early in 1929 with the Montreal Cottons. That is previous to this.

*By Mr. White:*

Q. 1929?—A. In 1929. There we saw our chance. As I say, that was renewed early in 1929 at \$3 per horse power and we saw our chance to change it to \$4 per horse power which gave us another couple of thousand dollars more. A third lease was 13978, what we call the old Beaubien Lease, which eventually was assigned to Montreal Cottons and represented an annual rental only of \$275. That did not change any because that was already at the rate of \$4 per horse power. The total of the three leases meant that at the time the application was made we were receiving \$9,050 per year. Under the new arrangement we have the right to \$46,950 per year.

*By Hon. Mr. Mackenzie:*

Q. Are you getting that?—A. We will get that from the moment that the company starts operating.

*By Mr. Jacobs:*

Q. From the moment the Beauharnois Company starts operating?—A. From the moment the Beauharnois Company starts operating, I mean delivering electrical power.

*By Mr. Montgomery:*

Q. What are the two sets of figures, Col. Dubuc?—A. The old rental of Lease 21516 was \$600 per year. That included the taking of 8,000 cubic feet. The new rental will be \$36,000 per year. Under the second lease, No. 93178, the old rental was \$275. The new rental will be the same, \$275. And under the third lease, 14372, the old rental was \$8,175 and the new rental will be \$10,675. The total of the old rentals was \$9,050, and the new rentals will be \$46,950 per year.

*By Mr. Jacobs:*

Q. Do you know what they are paying the Quebec Government?—A. I understand they are paying \$1 per horse-power plus a fixed sum.

*By Hon. Mr. Mackenzie:*

Q. For this same power?—A. For this same power, yes. I think there is something like twenty-five thousand to fifty thousand plus \$1 per horse-power per year.

Q. So the company are paying two different authorities for the same power?—A. Yes; this is what we exact before we agree to an assignment or transfer of sale.

Mr. JACOBS: The canal belongs to the Dominion.

Hon. Mr. MACKENZIE: Mr. Montgomery, was this one of the questions referred to the Supreme Court?

Mr. MONTGOMERY: I do not think so. Canals and water-powers are clearly in the Dominion, I think.

Mr. WHITE: Does not the Act say so?

Mr. MONTGOMERY: Yes.

*By Mr. White:*

Q. And the water-power developed by the 80-foot head is many times the amount of the same water at the 10-foot head?—A. Eight times as much.

Q. So instead of getting paid for the original amount of horse-power you get paid for very much more?—A. Very much more.

Q. All that, of course, is intensely interesting to the department, but the question I asked you was whether you knew, as a fact, whether Mr. Henry had been consulted about the application of the Beauharnois Light, Heat and Power Company at the time when he was Deputy Minister of Railways and Canals?—A. I am not aware of it. I know that the Order in Council agreeing to those assignments and transfers was made under the recommendation of the Chief Engineer of Railways and Canals concurred in by the Deputy, but that is the form we are using all the time in all those Orders in Council, and personally I do not know that he had any connection with it.

*By Hon. Mr. Mackenzie:*

Q. You are compelled to use that form?—A. Practically; I think all of them are that way.

*By Mr. White:*

Q. Is the concurrence of the Deputy necessary for the passing of such an Order in Council?—A. I would say that if there was a recommendation which the Minister wants to send to Council and his Deputy does not agree with him, probably the report to Council will mention only the Minister, or possibly the Chief Engineer, if the Chief Engineer agrees with him.

The CHAIRMAN: The Minister usually requires that, as a matter of security.

Mr. WHITE: We have these Orders in Council, have we not?

The WITNESS: I have a copy of one of them here.

*By Mr. White:*

Q. This is a copy of No. 2202?—A. It would be on the fourth page.

Q. The Order in Council recites:—

The Minister, on the advice of the Chief Engineer of the Department, concurred in by the Deputy Minister of Railways and Canals, recommends that authority be given for entry into an agreement with The Montreal Cotton Company, of the first part; Beauharnois Light, Heat and Power Company, of the second part; and His Majesty the King, represented therein by the Minister of Railways and Canals of Canada, of the third part, giving consent to the approving of the terms of the above-mentioned sub-lease . . . .

What lease was that?—A. No. 2516, the big lease to the Montreal Cotton Company for the 10,000 cubic feet.



Q. Are you suggesting that the Deputy Minister of Railways and Canals did not concur in this recommendation?—A. No, not at all; but I say that, as I said before, that the previous Deputy, Major Bell, gave his instructions to the Engineers' Branch: "Look through all your hydraulic leases, for lots are improvident, and if you find that these people have been in default about anything bring it to my attention and we will see that the lease is cancelled or that we get reasonable rental for the resources we are giving." I do not recall that I ever consulted Mr. Henry as to the recommendation for the new rentals, first agreeing to the assignment or recommending the assignment, and fixing the new rentals that would be needed; I do not recall that I ever discussed it with him; it was done, as I say, on previous instructions.

Q. Do you say you did not discuss it?—A. Not to my knowledge.

*By the Chairman:*

Q. Who drew the recommendation in Council?—A. The Legal Branch, usually.

Q. On whose instructions?—A. It may have been the Minister direct, I do not know.

Q. Who was the Minister at that time?—A. Mr. Dunning.

Q. He would hardly do that direct, would he?—A. I suppose he would.

Q. It would be a special thing if he did it himself?—A. Of course, that was discussed with the Legal Branch for months.

Q. I suggest to you that the Minister, unless it was something very special, would not draw the recommendation in Council?—A. Not himself; the Legal Branch would do it.

Q. And he would not give the instructions himself?—A. I have seen instances where he has.

Q. In consultation with the Deputy Minister?—A. Not necessarily. I have known of Orders in Council given direct through consultation with the Chief Engineer.

Q. Well, in consultation with somebody?—A. Possibly; it may have been with the Legal Branch alone, for that matter. In any case, I am telling you now what I am actually aware of, and I am not aware that I have at any time discussed either the propriety of agreeing to an assignment or as to the rate that should be charged in the new lease.

*By Mr. White:*

Q. Why would you not discuss it with your Deputy Minister?—A. Because to me the thing was obvious.

Q. But as to the propriety of granting the assignment at all?—A. The thing was so obvious to us. There we were with \$600 and we were going to get \$36,000, and we thought it was the obvious thing to do.

Q. Either you did not discuss it with Mr. Henry or you did, or you don't remember. Now, which is it?—A. I can only speak of what I remember.

Q. Do you remember?—A. I do remember that I did not; at least, I cannot remember that I ever did discuss it—put it that way.

Hon. Mr. MACKENZIE: That is safer.

*By Mr. White:*

Q. Then do you remember that you advised your Minister in this matter?—A. I would not be surprised if I had discussed it with him. Of course, I saw Mr. Dunning very often.

Q. Please listen to the question and pay attention to it. Do you remember that you discussed this particular matter with your Minister?—A. I do not remember.

Q. Then may we take it that it may be possible that this Order in Council was passed without the advice either of yourself or the concurrence of the Deputy Minister?—A. Oh, no. I told you that I recommended it. You asked me whether I discussed it with Minister, and I said I cannot remember.

Q. I asked you if you advised the Minister?—A. Advised him?

Q. I am following the wording of the Order in Council: "The Minister, on the advice of the Chief Engineer of the Department. . . ." I use the word "advice"?—A. Do you mean "advise"? I did advise the Minister that this was a proper thing to do.

Q. Did the Deputy Minister concur in your advice?—A. I do not know; I do not recall discussing it with him.

Sir EUGÈNE Fiset: Is this the text of the Order in Council itself, as passed by the Privy Council?

Mr. WHITE: It is the Order in Council.

*By Sir Eugène Fiset:*

Q. In order to pass that Order in Council was there a report sent from the Minister or a departmental report signed by you or the Deputy Minister on which the order was based?—A. The whole agreement was under discussion between the Legal Branch of our Department and ourselves, the engineers of my Branch, for quite a long time as to the actual wording.

*By the Chairman:*

Q. When you send a report to the Privy Council on which an Order in Council is based, is that report to the Privy Council signed by some official of the Department, the Deputy Minister or the Chief Engineer?—A. No, it is not signed by either; it is sent to the Minister either by the Secretary of the Department or by the Deputy Minister for his signature, and he brings it to Council; but before it is sent to him, of course, it must be concurred in by the officials.

Q. Did you concur in that report?—A. I did.

*By Hon. Mr. Mackenzie:*

Q. And you accept the responsibility for your advice?—A. Quite.

*By Mr. White:*

Q. Coming back for a moment to the question of the rental that you got, I understand you to say that you are getting for 10,000 cubic second feet, how much rental?—A. \$36,000 from the day that the company starts operating.

Q. That would be how much per horse power?—A. That is divided into \$2,268 for land and \$4 per horse power on 8,333; I think that is what it is.

Q. How many horse-power?—A. 8,333.

Q. Now, 10,000 cubic second feet with a velocity of 2.25 feet per second and a fall of 80 feet would develop how many horse power?—A. Do you mean 8,333?

Q. No, the number of horse power developed by 10,000 cubic second feet with a fall of 80 feet at a velocity of 2.25 feet per second?—A. That will develop 80,000 horse power.

Q. So at \$4 per horse power the annual value of that would be \$320,000?—A. Quite correct, if you were the owner of the 80 feet.

Q. I am only asking. It does not matter whether you are the owner or not, the fact remains just the same, does it not?—A. Quite.

*By Hon. Mr. Mackenzie:*

Q. Do you contend that you are the owner of the 80 feet?—A. I meant that you could not exact \$4 per horse power on the 80 feet if you have not got the 80 feet.

*By Mr. White:*

Q. Why not?—A. Because you cannot exact a rental on a property that is not yours.

Q. You were not exacting this rental on this property at all. You were giving them the right to take the water away from this property and put it somewhere else where they actually developed 80,000 horse power more?—

A. Our right at that spot was 10 feet, and not an inch more.

Q. Quite so.—A. Then I cannot talk about 80 feet.

*By the Chairman:*

Q. The 80 feet would not be any good without the water?—A. No.

*By Hon. Mr. Mackenzie:*

Q. Your contention is that you were only entitled to 10 feet?—A. Yes.

Mr. WHITE: Perhaps there is something in his contention, too.

Hon. Mr. MACKENZIE: Quite a lot. You are getting more human as time goes on.

Mr. WHITE: That is because of my association with the left wing.

Q. Then do you remember any application in connection with Beauharnois or between Lake St. Francis and Lake St. Louis that was made to your department by Senator McDougald and Senator Raymond, or either of them?—A. I do not recall any application by the two senators you mention. I recall an application by the Sterling Industrial Corporation, without knowing who the members were at the time.

Q. The point is, are you prepared to say that neither of these two gentlemen made any application to your department in connection with the water power project between Lake St. Francis and Lake St. Louis?—A. I am not aware of any by the two gentlemen you mention.

Q. Or either of them?—A. Or either of them.

Witness discharged.

Mr. WHITE: Before I call Mr. Ebbs, there is one matter I have forgotten to ask Mr. McLachlan, and Mr. Symmes has reminded me of it. It will take only a second.

DUNCAN W. McLACHLAN, recalled.

*By Mr. White:*

Q. Mr. McLachlan, you are already sworn. Can you tell me how much the withdrawal of 40,000 cubic second feet in the St. Lawrence River at the head of the Cedars would lower Lake St. Francis in the absence of control or remedial works?—A. Speaking from memory, I am sure that the average drop is one foot per 34,000 second feet at the outlet of Lake St. Francis. I would say the drop would be 40,000 divided by 34. That would be about 1.2 feet. I am speaking from memory. You can turn up the joint Engineers Report, and there is a plate in the back which will give you the answer.

*By Hon. Mr. Mackenzie:*

Q. That is without control works?—A. That is without control works.

JOHN PARSONS EBBS, called and sworn.

*By Mr. White:*

Q. Mr. Ebbs, you are a member of the firm in Ottawa of McGiverin, Haydon and Ebbs?—A. Yes.

Q. Or is it now Haydon and Ebbs?—A. Haydon and Ebbs now.



Q. It was formerly McGiverin, Haydon and Ebbs?—A. Yes.

Q. Composed of formerly?—A. Hon. H. B. McGiverin.

Q. Senator Haydon and yourself?—A. That is right. Mr. McGiverin died in February of this year.

Q. I understand that he was not active for some time before his death, or was he?—A. Oh, he was connected with the firm right along. He simply severed his connections last October.

Q. I see. You received, we are told, the certificates for certain units in the Beauharnois Power Syndicate from Mr. L. Clare Moyer. Do you remember that?—A. Yes. I think I got 1,600 fully paid part-interests, and the balance not being fully paid, why, of course, the delivery was not made.

Q. That would be when?—A. The 2nd of October.

Q. The 2nd of October, 1928?—A. The 2nd of October, 1928.

Q. And the balance at that time owing of \$144,000?—A. Well, if the books show that, of course that is right. I just didn't know what the amount was.

*By the Chairman:*

Q. That is on the further 1,600?—A. No. You see there was one 1,600 fully paid, and what was paid on the second 1,600 now I don't remember. The books would show whatever that was.

*By Mr. White:*

Q. And that was paid by you. I understand, subsequently—in all about \$80,000?—A. Well, part of it was paid by me, and I think another part of it was arranged in some other way through Mr. Griffith, I think, as I understand it.

Q. Just tell us the facts?—A. I don't know. I made a payment of \$15,000 and \$10,000, and then the balance whatever it was, was paid—was arranged in some other way and was not paid—not by me—over. That is as I understand the transaction.

Q. Was the money that you paid your own?—A. Oh, no.

Q. Whose was it?—A. Senator McDougald's.

Q. And on whose instructions did you receive—did you take over those shares from Mr. Moyer?—A. Now, just whose instructions—the instructions I do not think came to me from Senator McDougald, but I know as the result of a conversation that was had—I think in the office—I went down to the office of the Beauharnois Power Corporation and the transfer was made there, do you see?—these shares that Moyer says that he had were signed to me. That was on the 2nd.

Q. Perhaps we will put it this way to make a long story short. Whose shares were they?—A. Senator McDougald's.

Q. Did you transfer them at any time?—A. No.

Q. You held them until the dissolution of the syndicate?—A. Right.

Q. And got cash?—A. Yes.

Q. And the shares?—A. Stock; right.

Q. That is forty for one?—A. Yes.

Q. And did you still hold them?—A. No. I delivered them all to Senator McDougald.

Q. You delivered them all to Senator McDougald. Do you remember when—the first of October, 1929?—A. Whenever the exchange was made for the part interests and the stock.

Q. When was that, Mr. Griffith?

MR. GRIFFITH: December 17, 1929.

WITNESS: Yes, December 17.

*By Mr. White:*

Q. Then we are told that your firm acted as solicitors for the Beauharnois syndicate? Is that correct?—A. Well, I do not know if we were solicitors for the Beauharnois syndicate. Perhaps we were. I know I attended all the meetings of the syndicate.

Q. What I want to get at—when did you first become connected with this project—when did your firm first become connected with it in any way?—A. When?

Q. Yes?—A. I should say the 2nd of October, 1928.

Q. Not before that?—A. Not as far as I know. I never heard of it, as a matter of fact, until about that date.

Q. Mr. Sweezey, I understood, told us that you had been retained before that?—A. Well now, Mr. Sweezey may have had some conversations with some members of the firm that I would know nothing about.

Q. Of course, you would participate in the fees?—A. That was sometime afterwards.

Q. I suppose that is a matter of some interest to you?—A. Quite. As a matter of fact, I think the arrangement was made by Mr. McGiverin with Mr. Sweezey. I think Mr. Sweezey can bear me out to that extent.

Q. The first entry that I have here in your account is September 30, 1928?—A. September 30, 1928. Yes, it was the 2nd October that I appeared at Mr. Griffith's office.

Q. Your modest expenses to Montreal appear on that date from the 30th to the 4th?—A. I suppose so.

Q. And at that time I see at intervals you incur according to your account, expenses—according to this account—the 6th of March, 1929. Then following that up until the 7th of October, 1929, according to this account, total expenses of some \$1,857?—A. I was in Montreal practically 200 days.

*By the Chairman:*

Q. What was that answer?—A. I was in Montreal about 200 days over a period of a year and a half.

Mr. JACOBS: You charged \$1,800 for that?

Mr. WHITE: Expenses. On October 17, 1929.

*By the Chairman:*

Q. You must have been working, Mr. Ebbs?—A. I was.

*By Mr. White:*

Q. I understand you received this cheque?—A. That is right.

Mr. WHITE: That is a cheque, Mr. Chairman, for \$50,000.

Mr. LENNOX: What is the date please?

The CHAIRMAN: Mr. Lennox wants to know the date.

Mr. WHITE: October 17, 1930.

(Cheque filed marked Exhibit 85.)

*By Mr. Lennox:*

Q. Whom was that made payable to?—A. The firm.

Mr. WHITE: McGiverin, Haydon and Ebbs.

*By Mr. White:*

Q. Then on September, 1930, there is this cheque?—A. That is right, I think.

Q. A cheque dated September 30, 1930, payable to McGiverin, Haydon and Ebbs, endorsed "for deposit" with a rubber stamp, for \$7,500, and the voucher shows payment of account of the legal expenses. (*Exhibit No. 87.*)

The CHAIRMAN: What is the voucher on the other cheque, if any?

Mr. WHITE: The voucher is blank.

*By Mr. Lennox:*

Q. When did you say you were first retained?—A. Somewhere around October 2, 1928.

Mr. WHITE: Well then, I show you a further cheque dated June 12, 1930.

The WITNESS: June 12, 1930.

Q. From Beauharnois Power Corporation.—A. What is the date of that, sir.

Q. June 12, 1930, for \$7,500, and the memorandum annexed, which is taken from the file of the Beauharnois Power Corporation, says, "Three years from October 1st, 1929, \$15,000 per annum, semi-annually, \$7,500, McGiverin, Haydon and Ebbs retained for period ending April, 1930, and a voucher in this case is dated June 12th, 1930, McGiverin, Haydon and Ebbs, \$7,500." This payment covers your fees as retainer for the period ending July 1, 1930.

The CHAIRMAN: When does this commence?

Mr. WHITE: It says here, three years from October 1, 1929.

Q. Is that correct, that you had this retainer, \$15,000 for three years?—A. I would not say. I imagine it is correct. I did not make that. Mr. Sweezey could explain that better because I think he made it with Mr. McGiverin.

Mr. LENNOX: Let me see that.

Mr. WHITE: That will be Exhibit No. 86.

*By Mr. White:*

Q. This is the disbursement account that I read a moment ago, with a cheque that is dated December 16, 1929?—A. Yes. That was expenses to Montreal.

Q. Expenses to Montreal, Mr. Chairman, Mr. Ebbs tells me, and a letter to Mr. Griffith of the Beauharnois Light, Heat and Power Company which is dated October the 13th, 1929, which simply says:

We enclose our disbursement account. Yours truly.

The disbursements are from as I stated a moment ago, 30th September, 1928, to the 7th October, 1929, the amount being the amount of the cheque, \$1,857.24.

The CHAIRMAN: Are you putting that in?

Mr. WHITE: Yes. In the voucher there is simply \$1,857.24, Beauharnois Power Corporation. (*Exhibit No. 88.*)

The WITNESS: Those are my expenses to Montreal.

Mr. WHITE: Mr. Ebbs says those were his expenses to Montreal.

The CHAIRMAN: What is the date of that one?

Mr. WHITE: The cheque is dated December 16, 1929.

Mr. LENNOX: What is the amount?

Mr. WHITE: \$1,857.24. Of course, it is all not expenses to Montreal.

The WITNESS: I think you will find most of it is expenses to Montreal.

Q. A good part of it appears to be.

The CHAIRMAN: Whose cheque is that?



Mr. WHITE: A cheque of the Marquette Investment Corporation, H. B. Griffith. I see, apparently, on the 7th of January, 1929, Senator Haydon accompanied you to Montreal.

The WITNESS: I think so. I do not remember the date.

Mr. WHITE: This will be Exhibit 88.

Q. Reading from the working notes of the auditors, Mr. Ebbs, I show you the items up to December 17, 1929, and the total appears to be \$59,357.24.

Mr. LENNOX: It represents what?

Mr. WHITE: It represents the payments to your firm up to December 17, 1929, the date of the dissolution of the syndicate, and following that up to December 31, 1930, an additional \$17,206.19, and up to May 31, 1931, \$9,600 or a total of \$86,163.43.

Mr. LENNOX: During what period?

Mr. WHITE: For the period, I suppose, from the 1st of October or the 30th of September, 1928. Services were started, Mr. Ebbs says, on the 1st of October.

The WITNESS: No, I do not say that; I really don't know.

Mr. WHITE: The first entry was on the 2nd—30th of September, 1928.

The WITNESS: I think that was about the time.

Q. About that time, up to the— —A. Present.

Q. To the 31st of May of this year, the total payments appear to be \$96,163.43.—A. Of course, I don't know—I could check these up and let you know if they are correct, as far as our books are concerned, or as far as I can find out.

Q. Have you any doubt of the correctness of this statement?—A. I don't think so, if that is what was in the books of the Beauharnois I am quite sure they are correct.

Q. Then you applied for and obtained letters patent incorporating the Sterling Industrial Corporation Limited?—A. That was obtained by our firm.

Q. And that application, the date of the charter we are told, was the 5th July, 1928?—A. 1924.

Q. I am sorry.—A. Correct.

Q. 1924; and who was your firm acting for in the application?—A. Well now, I just know what I heard Mr. Henry saying here, that he sat down I think, with Senator Haydon, and they worked out the charter and application was made for it.

Q. Who paid you?—A. Senator McDougald's money—it was Senator McDougald's money that paid for it.

Q. Then it came to a point where it was getting up close to the 8th March, 1929, and that application was still on the file. You recollect that, do you?—A. 8th March, 1929?

Q. That is the date of the Order in Council.—A. Oh, I do not remember the Order in Council. It was, I know—

Q. I am just giving you that date.—A. Yes.

Q. That is the date of the Order in Council?—A. Yes.

Q. So that you will be able to fix in your mind what I am going to ask you about now.—A. Yes.

Q. Did you do the negotiating with Mr. Swezey for the sale of the shares of that company, the Sterling company?—A. My recollection of that transaction, looking back at it, just from sitting here and listening to what was said, the negotiations had already been completed. I think the amount had been arrived at. I had no idea of amounts. The amount had been arrived at, you see, and then, when the arrangement was made, why Mr. Griffith and myself,

and I think Mr. Heward of the firm of Meredith and Holden, got together and we ran off that agreement.

Q. Who were you acting for?—A. At that time, I should say I was—or the original negotiations, I think were with Mr. Henry, but at the time that the agreement was made, I think it was understood that we were acting for Mr. McDougald and Mr. Henry.

Q. Mr. McDougald and Mr. Henry?—A. Well, I should think so.

Q. So far as your knowledge extends, in the first place, was this \$50,000 cheque for legal work?—A. Oh, yes.

*By Mr. Lennox:*

Q. Did you say it was?—A. Oh, yes.

Q. Did you render your bill?—A. Render our bill?

Q. Yes?—A. An arrangement had been made for payment of that.

Q. If you had charged them \$50,000 for legal fees, which is not a small amount, I would assume they would want to know what your work consisted of?—A. No, I think—

Q. Did you not give detailed expenses?—A. No; I think the amount was arranged beforehand.

Q. Before you did the work?—A. I think so.

Q. Not knowing what work you had to do?—A. Oh, I am not saying that we didn't—as a matter of fact, you are asking me now about—I didn't fix the retainer at all, as I say, the arrangement was made between Mr. Swezey, and I say, I am quite confident Mr. McGiverin.

Q. What work did you do to get \$50,000?—A. Did all this work from the 2nd October, right up to the 10th of March, practically without let up, from 1928 to 1930.

Q. Then, the \$50,000 that you received, that would go to the credit of your firm?—A. Yes.

Q. Can you produce your bank book to show— —A. Yes.

Q. —what became of it?—A. Yes.

Mr. LENNOX: May we have that, Mr. Chairman?

The CHAIRMAN: Yes.

*By Mr. White:*

Q. I suppose you have not it here?—A. No.

Hon. Mr. MACKENZIE: I presume you are bringing this up to date, Mr. White? I would like to have it for all the lawyers who had anything to do with Beauharnois, right up to the present time, including Mr. Daly.

Mr. WHITE: I have not contemplated doing that, because I did not know how far the committee would want to go—

Mr. LENNOX: I think we should have that.

Mr. WHITE: —beyond the point of the resolution. I do not suppose that includes Mr. Hellmuth and Mr. Montgomery.

Mr. HELLMUTH: We have not been paid yet.

Mr. WHITE: I just want it thoroughly understood where I am to stop, that is all. It does not include them. Then, Mr. Daly, will you be prepared at the same time to tell us about yours.

Mr. DALY: Right now.

*By Mr. White:*

Q. Then did any other moneys in connection with this Beauharnois project pass through your firm other than those we had mentioned that are the moneys which passed through for legal fees?—A. None.

Q. Or do you know of any moneys passing through the hands of your firm for other than legal fees?—A. None at all.

Q. That is, I mean fees for legal or professional services rendered?—A. None whatever.

Q. You know of none?—A. I know of none.

*By Mr. Lennox:*

Q. You were not retained apparently by the Marquette Corporation; I mean you had no retainer?—A. I am afraid, Colonel, you will have to ask someone else about that.

Q. Well, your retainer according to the papers was from the Beauharnois Power Corporation, for which you were to receive \$15,000 semi-annually?—A. Yes, as a retainer.

Q. You had no retainer, apparently, from the company that gave you a cheque for \$50,000?—A. As I say now, I do not know what that arrangement was. That was made by someone else.

MR. FORSYTHE: The Marquette Investment Corporation was disbursing for the Syndicate.

*By Mr. White:*

Q. The \$50,000 was really from the Syndicate?—A. I do not know who it was from.

MR. LENNOX: The two cheques for \$7,500 came from the Beauharnois Power Corporation Limited, and your cheque for \$50,000 came from the Marquette Investment Corporation, and it does not say what it was for.

MR. WHITE: The Marquette Investment Corporation was the disbursing agency for the Syndicate.

MR. LENNOX: It does not give any information although it does on each of the others.

MR. WHITE: As I understand it, Mr. Chairman, the \$50,000 was services paid by the Syndicate. The other two, the two \$7,500 cheques were paid on account of retainer by the Beauharnois Power Corporation Limited.

MR. LENNOX: Will you let me see that expense sheet please, Mr. White?

*By the Chairman:*

Q. Is that the way you understand it, Mr. Ebbs?—A. Yes. I am confident that the first came from the Syndicate. The arrangement was made with them, and the other was—

Q. You mean Syndicate No. 1?—A. Not No. 1.

Q. Number 2?—A. Yes.

*By Mr. White:*

Q. That is the Beauharnois Power Syndicate?—A. Right.

*By the Chairman:*

Q. Then if that is the fact why would it be the cheque of the Marquette Investment Corporation?—A. They were, I think, as Mr. Forsythe has said, disbursing all the moneys for the Syndicate.

MR. FORSYTHE: The moneys of the Syndicate were all held by the Marquette Investment Corporation which was the depository under the arrangement made.

*By the Chairman:*

Q. Why did you change Beauharnois Light, Heat and Power Company the month before?



*By Mr. Lennox:*

Q. In your expense account you had covered a period of 200 days approximately?—A. No, no.

Q. Well, it covers from the 30th September, 1928, down to October 7th, 1929?—A. Yes. Well, I was not there all the time, Colonel, just intermittently. But right on up to the 10th of March, 1930, the total number of days I just figured approximately at 200.

Q. Would that include these days?—A. Well, from 1928 to 1929 I should say perhaps that there were about 100 days that I was down there in Montreal during that year.

Q. And your disbursement account is made payable to the Beauharnois, I mean your account is against the Beauharnois Power Corporation amounting to \$1,800?—A. Yes.

Q. Now, that would cover the period for which you got the cheque for \$50,000 from the Marquette Investment Corporation?—A. Yes.

Q. It would cover that period?—A. I expect so, yes.

Q. So that you charged to the Beauharnois Power Corporation your expenses and you got your cheque from them, but the \$50,000 fee comes from the Marquette Investment Corporation?—A. I don't know why. It all came from the same people as far as we are concerned.

Q. And then it says here in the voucher "Beauharnois Power Corporation". That is, chargeable to the Beauharnois Power Corporation and the cheque is made—

Mr. FORSYTHE: When those services started there wasn't any Beauharnois Power Corporation.

The WITNESS: I think that just happened to be put in that way.

*By Mr. Lennox:*

Q. Well, the covering letter is addressed to H. B. Griffith, Esq., Beauharnois Light, Heat and Power Company, Drummond Bldg., 1117 St. Catherine street, Montreal, Quebec:—

We enclose herewith our disbursement account . . . . Why did you send the account to the Beauharnois Light, Heat and Power Company?—

A. You say that letter is dated what date?

Q. Dated October 17th, 1929?—A. October the 17th. The company was incorporated, I think, in September.

The CHAIRMAN: This company was incorporated in 1902.

The WITNESS: I do not know anything at all about the Beauharnois Light, Heat and Power Company. It is the Beauharnois Power Corporation that this may have been sent to.

The CHAIRMAN: It was sent to H. B. Griffith, c/o Beauharnois Light, Heat and Power Company, Drummond Bldg., Montreal.

Mr. FORSYTHE: That is just his address.

The CHAIRMAN: No, no,

H. B. Griffith, Esq., Beauharnois Light, Heat and Power Company, Drummond Bldg., 1117 St. Catherine street, Montreal, Quebec.

The WITNESS: That might just as well have been addressed to H. B. Griffith alone rather than at his address at the Drummond Building. There was no necessity for putting on Beauharnois Light, Heat and Power Co. There is no significance, I mean, in that at all.

Mr. LENNOX: I see a note here written by a Mr. Knowles. Is he a member of your firm.

Mr. FORSYTHE: He is an Accountant in the Beauharnois.

Mr. LENNOX: He says "don't be in a hurry to pay this".

The WITNESS: They must have been short of funds.

Mr. WHITE: Who is the bill rendered to, Colonel Lennox.

Mr. LENNOX: The bill is rendered to the Beauharnois Power Corporation Limited.

The WITNESS: I think it was set up at that time.

Mr. LENNOX: It started on the 30th of September, 1928.

*By Mr. White:*

Q. Then, Mr. Ebbs, have you ever had any stock interest personally in either of the Beauharnois Syndicates?—A. None whatever.

Q. Or in the Beauharnois Light, Heat and Power Company?—A. None whatever.

Q. Or in the Power Corporation?—A. Yes. I bought some at 10 and sold them at something less than 10 on the open market.

Q. You still have an interest in it then?—A. I have none whatever. I bought it at 10 and sold it all at less than 10.

Q. That is what I say, you still have an interest in it. And did you have any stock interest in the Sterling Company?—A. None whatever.

*By Mr. Lennox:*

Q. Just to clear up a little matter in which I am in doubt. You say the fees were agreed upon as being \$50,000. Was that in writing?—A. Well now, Mr. Swezey could tell you that. I was not there and would only be telling you what someone else had told me. We got the cheque.

Q. But you would be familiar with it?—A. You are asking me what the arrangement was.

Q. I am asking you if there was a written agreement by which your firm was to receive \$50,000?—A. I do not think so.

Q. Do you know when the arrangement was made?—A. No, I do not.

Q. Did you know when you were doing the work that you were going to get \$50,000?—A. Yes, I knew there was an arrangement.

Q. Who told you?—A. I think Mr. McGiverin told me. I know it was talked over in the office.

*By the Chairman:*

Q. The Moyer shares were apparently originally subscribed for on behalf of W. B. Sifton?—A. I don't know anything about them.

Q. My recollection is not quite clear on this. You got some instructions from somebody intended to be conveyed to Moyer after Sifton's death as to what he should do with the shares?—A. No, I don't know anything at all about that. I went down to Mr. Griffith's office and from that date I represented these shares. I did not know anything at all about them from history or anything else prior to that.

Q. Why did you go to Griffith's office?—A. I went down there on instructions to represent Senator McDougald.

Q. From whom did you get the instructions?—A. As I say, from one of the firm, which one of them I don't just remember.

*By Mr. Lennox:*

Q. One of your own legal firm?—A. Yes, one of our own legal firm.

*By the Chairman:*

Q. Well, there were just the three of you?—A. That is right.

Q. And you were told to go to Griffith's office?—A. Yes. I was told that I was going down there to represent some shares of Senator McDougald's.

Q. Up to that time had you known that Senator McDougald had any shares?—A. I did not know that such a thing existed.

*By Mr. Lennox:*

Q. Well, can you explain why the shares were transferred to you instead of being transferred direct to Senator McDougald?—A. In thinking that over, after having heard you ask that question before, Colonel, I was at that time representing the shares that Senator McDougald had in the firm. Now, I do not know why it was, but the balance of them apparently were turned over to me.

Q. There seems to be an awful lot of mystery about McDougald?—A. There is no mystery as far as I can see. These shares of Senator McDougald were placed in my name. I gave Senator McDougald declarations of trust immediately.

Q. Yes?—A. That I was holding them for him, and I got receipts from him as soon as I turned them over to him.

Q. Before you got them apparently they belonged to Senator McDougald and were in the hands of Sifton, is not that true?—A. I don't know anything at all about that. I am telling you that I did not even know that such a thing existed before I went down there.

*By Mr. White:*

Q. While you are looking at that, have you the Minute Book of the Sterling Company there?—A. No, I turned everything over.

Mr. WHITE: Have you got it here, Mr. Griffith.

Mr. GRIFFITH: I think it is at the hotel.

Mr. WHITE: I wonder if you can get them up here as soon as possible.

Mr. GRIFFITH: Yes.

The WITNESS: I have some declarations of trust here that I gave him.

Mr. WHITE: May I just see those.

The WITNESS: They are not taking any chances on me.

The CHAIRMAN: What is the date of that, Mr. White?

Mr. WHITE: The 7th January, 1929. The only Declaration of Trust is dated December 28th, 1928.

The WITNESS: And one by a letter of October, 1928.

Mr. WHITE: There is a letter dated October 15th, 1928, from Mr. Ebbs to Dr. W. L. McDougald, Montreal, reading:—

EXHIBIT NO. 89

OTTAWA, October 15th, 1928.

Doctor W. L. McDUGALD,  
Montreal,  
Quebec.

DEAR DOCTOR McDUGALD,—I have received from The Beauharnois Power Syndicate a Certificate for Sixteen Hundred Part Interests, dated October 9th, 1928, signed by R. O. Sweezey, as President, and Hugh B. Griffith, as Secretary-Treasurer, countersigned by The Marquette Investment Corporation, Transfer Agent and Registrar, by its Secretary, F. W. Molson. The Certificate is numbered 217.

This is to acknowledge that I have no interest whatever in this Sixteen Hundred Part Interests, that they belong solely to you and that the absolute title to this Certificate for Sixteen Hundred Part



Interests is yours, and as further evidence of this, and so that there may be no misunderstanding about the matter in the event that anything should happen to me, I am executing the following assignment:—

I, John Parsons Ebbs, of the City of Ottawa, in the County of Carleton, and Province of Ontario, Barrister-at-Law, do hereby assign, transfer and set over unto Wilfrid Laurier McDougald, of the City of Montreal, in the Province of Quebec, Physician, all my right, title, and interest into or out of the above Certificate and that the Sixteen Hundred Part Interests thereof above mentioned are hereby assigned.

Dated, Ottawa, October 15th, 1928.

Witness:

(Sgd.) J. P. EBBS.

M. H. Kelly,  
418 Ottawa Electric Bldg.,  
Ottawa, Ontario.

Yours very truly,

(Sgd.) J. P. EBBS.

Mr. LENNOX: You said the transfer was made to Ebbs on the 28th December?

The WITNESS: October 2nd, 1928.

Mr. LENNOX: What is the reference to the 28th December?

Mr. WHITE: That is the date of the Declaration of Trust.

Mr. LENNOX: He had not the shares at that time.

Mr. WHITE: The Declaration of Trust reads:—

I hereby acknowledge that I hold Sixteen Hundred Part-Interests, Certificate No. 217, of The Beauharnois Power Syndicate, in trust for Wilfrid Laurier McDougald, of the City of Montreal, in the Province of Quebec, Physician; that the said Part-Interests were purchased with his money and that all dividends and advantages accruing thereon are and shall be held by me and my legal representatives for the use, benefit and advantage of the said Wilfrid Laurier McDougald.

The CHAIRMAN: Is that the first Sixteen Hundred?

Mr. WHITE: The first. Then:—

I also hereby acknowledge that I hold an additional Sixteen Hundred Part-Interests in the said The Beauharnois Power Syndicate part only of the consideration moneys for which has been paid; and I also hereby acknowledge that these said Sixteen Hundred Part-Interests title to which in the books of the said The Beauharnois Power Syndicate is recorded in my name, are held in trust by me for the said Wilfrid Laurier McDougald, of the City of Montreal, in the Province of Quebec, Physician; and that the said Part-Interests are being purchased with his money and that all moneys credited on the purchase price of the said Part-Interests are the moneys of the said Wilfrid Laurier McDougald, and that all dividends and advantages accruing thereon are and shall be held by me and my legal representatives for the use, benefit and advantage of the said Wilfrid Laurier McDougald.

On demand I agree to transfer the said Part-Interests to the said Wilfrid Laurier McDougald or his nominee and to account to him for all dividends and profits received by me for the said Part-Interests.

In witness whereof I have hereunto set my hand and seal this twenty-eighth day of December, A.D. 1928.

(Sgd.) J. P. EBBS.

Signed, sealed and delivered in the presence of:

(Sgd.) M. H. KELLY,

418 Ottawa Electric Bldg.,  
Ottawa, Ontario

The CHAIRMAN: Let me have those documents.

Mr. WHITE: Yes. (*Exhibit No. 89.*)

Then on the 7th January, 1929, there is a receipt signed by W. L. McDougald:—

Received from John P. Ebbs, of the City of Ottawa, Barrister-at-Law, Declaration of Trust of Certificate No. 217 for Sixteen Hundred Part-Interests in The Beauharnois Power Syndicate; and an additional Sixteen Hundred Part-Interests in the said The Beauharnois Power Syndicate, partly paid, for which no Certificate has yet issued.

Receipt is also acknowledged of the said Certificate No. 217, which is made out in the name of John P. Ebbs.

Dated at Ottawa, January 7th, 1929.

(Sgd.) W. L. McDUGALD.

Then a letter from the Marquette Investment Corporation to Mr. J. P. Ebbs, dated October 9, 1928, reading:—

DEAR SIR,—Enclosed herewith please find Certificate No. 217—for 1,600 Part-Interests of The Beauharnois Power Syndicate in the name of John P. Ebbs.

Kindly acknowledge receipt of this certificate.

Yours truly,

MARQUETTE INVESTMENT CORPORATION,  
(Sgd.) H. B. GRIFFITH.

*By Mr. Lennox:*

Q. I understood you to say, Mr. Ebbs, that you did not know anything about the existence of these 3,200 shares?—A. Before the 2nd October, 1928.

Q. What was the first inclination you got, and from whom, with respect to those shares?—A. I went down to Mr. Griffith's office on instructions from our own office and I saw Mr. Gariepy, and I saw Mr. Moyer, and as the result of that interview these shares were transferred to me.

Q. Who instructed your office?—A. I assumed that it was Senator McDougald.

Q. But you cannot give any reason for that being placed in your name rather than being placed direct?—A. Originally?

Q. Yes?—A. I do not know.

*By Mr. White:*

Q. No, at the time you acquired them?—A. That is what I mean. As to why they were put in my name when I went down there I do not know.

*By the Chairman:*

Q. Dealing with the first sixteen hundred shares, those are shares Mr. Moyer subscribed for in the name of and on behalf of W. B. Sifton? Did you know that?—A. No.

Mr. WHITE: Why "in the name of"?

*By the Chairman:*

Q. Subscribed for and on behalf of W. B. Sifton?—A. No.

Q. You know it now?—A. I have heard it said here to-day.

Q. And those are the sixteen hundred shares you referred to in this Declaration of Trust?—A. I presume they are the same.

Q. Is there any doubt about it?—A. I do not know. Moyer assigned those to me, whatever he had.

Q. Moyer says he paid in full for sixteen hundred shares with Sifton's money?—A. All right. I say I got sixteen hundred shares fully paid; I do not know whose they were.

Q. Moyer swears he subscribed for sixteen hundred shares in the syndicate and that he was supplied with money to pay for them by W. B. Sifton?—A. I have no knowledge of that.

Q. I think he is telling the truth.

Hon. Mr. MACKENZIE: Does that seem surprising to you?

The WITNESS: I have no reason to doubt him at all.

*By the Chairman:*

Q. And subsequently, Moyer says, acting under instructions from Mr. Sifton and following those instructions after Mr. Sifton's death, he transferred the 1,600 shares to you? (No answer).

Hon. Mr. MACKENZIE: On instructions?

The CHAIRMAN: Yes.

Q. And then you executed this Declaration of Trust—a very proper document—with respect to them, and you make the Declaration of Trust in favour of Dr. McDougald. Now, do you know how the contact was set up between Sifton and McDougald?—A. I do not know the first thing about it.

Q. Let me read to you from the Declaration of Trust:—

I hereby acknowledge that I hold Sixteen Hundred Part-Interests, Certificate No. 217, of The Beauharnois Power Syndicate, in trust for Wilfrid Laurier McDougald, of the City of Montreal, in the Province of Quebec, Physician; that the said Part Interests were purchased with his money. . . . .

This document is signed by you. How did you know that?—A. I knew they were not purchased with my money, and they were paid in full. There were 1,600 fully paid shares.

Q. But they were not, according to Moyer's sworn testimony, paid for by McDougald's money at all but paid for by Sifton?—A. The only part I was covering there was that they were not paid with my money.

Q. You arrived at your conclusion that they were purchased with McDougald's money purely by a process of exclusion?—A. That is all. Quite candidly, I never heard of anybody in the transaction but the Senator at that time.

Q. Then the second 1,600 shares which were only partly paid for?—A. Yes.

Q. Did you pay for the balance owing on them?—A. I paid part of the balance.

Q. And that was money supplied to you by McDougald?—A. Right.

Q. And, so far as you know, if they were ever paid in full the ultimate balance was paid to McDougald direct?—A. Right.

*By Mr. White:*

Q. There was \$80,000 owing at the time of the dissolution of the syndicate?—A. Yes; there was a call that was not made.

*By the Chairman:*

Q. Did you ever take occasion to talk to W. B. Sifton about it?—A. I saw Mr. Sifton in the House of Commons one night when the session was on before he died, and I never saw him after that.



*By Mr. Lennox:*

Q. How long did you have the shares in your name?—A. I think I had them from the 2nd October up to the time that the exchange was made for the cash and stock in the company. The thing was all made out in Senator McDougald's name.

The CHAIRMAN: Do you want to put those documents in as exhibits, Mr. White?

Mr. WHITE: Yes.

Q. I suppose they are of no use to you now?—A. No.

EXHIBIT No. 89

Letter dated October 9, 1928, from Marquette Investment Corporation per H. B. Griffith to J. P. Ebbs, *re* Certificate No. 217 for 1,600 Part Interests of The Beauharnois Power Syndicate.

Letter dated October 15, 1928, from J. P. Ebbs to Dr. W. L. McDougald, *re* Certificate for 1,600 Part Interests dated October, 9, 1928, and containing transfer thereof from J. P. Ebbs to W. L. McDougald.

Declaration of Trust by J. P. Ebbs, dated December 28, 1928, *re* Certificate No. 217, etc.

Acknowledgment of receipt of Declaration of Trust of Certificate No. 217 from W. L. McDougald to J. P. Ebbs, dated January 7, 1929.

*By Mr. Lennox:*

Q. That would mean that you had them in your name for a year and two months, from October, 1928, to December, 1929?—A. Yes.

*By the Chairman:*

Q. Is my recollection correct when I say that the total amount of moneys received by your firm, so far as you know, for legal fees and expenses is \$86,000 in round figures?—A. Yes.

Q. And did I understand you to say that you knew of no other moneys paid to your firm or to any member of it by Swezey, by the Beauharnois Power Corporation, by the Beauharnois Light, Heat and Power Company, Limited, by either of the syndicates or the Marquette Investment Corporation, or any other subsidiaries of the Beauharnois Power Corporation?—A. No.

Q. No other moneys paid to your firm or any member of it for any purpose?—A. Not as far as I know.

Mr. LENNOX: I think in addition to Mr. Ebbs producing his bank book he had better produce any cheques he has which were issued at the time the \$50,000 were deposited to the credit of the firm.

*By the Chairman:*

Q. Would you be good enough to give us those cheques?—A. I will give you anything you want.

The CHAIRMAN: Have you any questions to ask, gentlemen?

Witness retired.

Mr. WHITE: Mr. Chairman, what do you say to recalling Mr. Swezey on that point so that we can clear it up?

The CHAIRMAN: Yes.

R. O. SWEZEY, recalled.

*By Mr. White:*

Q. You are already sworn, Mr. Swezey?—A. Yes.

Q. You heard the evidence of the last witness?—A. I heard part of it, but not entirely.

Q. He says that by pre-arrangement his firm received a cheque for \$50,000 for legal services in connection with the Beauharnois Power Syndicate, and that you made the arrangement to settle that amount with a member of his firm?—A. Yes.

Q. Is that correct?—A. That is correct. I want to explain—

Q. Perhaps you will let me conduct the examination. With what member of the firm was the arrangement made?—A. Mr. McGiverin.

Q. What was the arrangement?—A. The arrangement was the result of much discussion. First I went in to see Senator Haydon but he was not in, and I saw Mr. McGiverin. I asked to have his firm retained as my counsel and guide in Ottawa in our efforts to have our plans approved. He heard my story about what we were aiming at and explained that it would be probably impossible for him to act for us because he was already under retainer from somebody else whose interest he thought would clash with ours, but as that retainer ended soon he would know in a given time, which was a matter of a few weeks, as I recall it, whether or not he could act for us.

Q. Did he tell you who?—A. No; I only had my suspicion as to who it was.

Q. Sterling?—A. No. I understand it was the Shawinigan Company.

*By the Chairman:*

Q. Did you not know anything of the Sterling at this time?—A. No. If I had, it did not mean anything to me.

Q. You did not know anything of McDougald's interest in Sterling?—A. In 1928, no.

Q. Yes?—A. Then when I saw him again he had—apparently the other retainer had worked its time out and he was free to act for us, and then I entered into a discussion upon the terms upon which he would represent us, and he asked a retainer that I thought was much too much, particularly as we were not sure of our ground up to that time. He asked a retainer of so much a year, which as I remember it, was in excess of \$30,000.

Q. A year?—A. Yes. So I thought it was too much; but after quite a lot of discussion, I said if our efforts were successful and the company were launched and going, it would not be so bad to pay that much, but if we did not succeed and I had to take it out of the pockets of a few members of the syndicate, it was difficult. However, by a compromise I agreed that if the thing got through I would much prefer to pay on that basis; if it went through I would pay him \$50,000, and a retainer for three years at \$15,000. To me it looked much easier to do so on the event of success than to do it regardless of the time and conditions we then faced.

Q. It always makes the lawyers work harder?—A. It is human nature to work harder at a price.

*By the Chairman:*

Q. In the event of failure, what was going to happen?—A. Well, he would have his expenses. At least I presumed that he would have to have his expenses. I did not make—

Q. You did not make any provision?—A. No. I was sure he would charge me something for it.

*By Mr. Lennox:*

Q. When were you to pay the \$50,000?—A. I am not very clear just on how definite it was, but it was to be done at the time that everything would be approved in the way of getting what was necessary under the Navigable Waters Protection Act.

Q. Now, according to Mr. Ebbs' evidence, the firm first became associated with you on October 2, 1928; is that the time you made the arrangement?—A. It was sometime previous that the arrangements were made, but it took some little time to bring it into effect. I do not recall the exact date.

Q. The \$50,000 cheque was not given for a year afterwards?—A. Not until the work had been completed.

Q. I see. And then I find attached to the cheques—that is to the retainer cheques—the cheques for retainer I should say—you have vouchers, one bearing date June 12, 1930, "this payment covers your fees as retainer for the period ending April 1st, 1930." Then the next cheque was given in September, 1930, "payments, on account of legal expenses, \$7,500." Now, in the voucher which is attached to the \$50,000 cheque, there is a blank, although it reads "date of.....invoice.....amount.....on account of", and the voucher is in blank. Why is that?—A. I really—I did not pay the thing myself; it went through the secretary-treasurer. I do not know.

Q. You signed it?—A. It was quite clear to me that the \$50,000 was for fees for his work during that period.

Q. Why was it not endorsed on the voucher?—A. I do not know, sir. It is a matter for the department of the treasurer of the company.

Q. No reason for the voucher being in blank?—A. I do not see any reason. There is no reason that I can see. You can see what it is for. It was obviously fees for the lawyers' firm.

Q. You see, apparently, you anticipated that that should be done, in your printed form?—A. Yes, in some of the printed forms there is very little explanation about that. If the name of the firm is there, it means only one thing; it is for their particular branch of work.

Q. One would have thought that in a cheque for \$50,000 you would have mentioned it?—A. I think it should have been.

Q. There is no reason as far as you know for the voucher being as it was?—A. No. I have no reason.

Q. It was not a subscription?—A. No. Oh, no, it was decidedly \$50,000 for their work.

*By Mr. White:*

Q. Contingent upon approval being granted?—A. Yes.

*By the Chairman:*

Q. So that when you made your deal with Senator McDougald where you bought the Sterling assets and were to pay these 2,000 part-interests, that deal was contingent upon the Order in Council passing?—A. Yes sir.

Q. And when you employed Senator Haydon and agreed to pay him \$50,000 that fee was contingent on the Order in Council passing?—A. Yes.

*By Mr. Lennox:*

Q. That being the case, the Order in Council having been passed in March of 1929, why was the payment delayed for six or eight months?—A. Because we did not have very much money, and we needed it in many other directions.

Mr. WHITE: Poor lawyer had to wait. You know how that is.

The WITNESS: A lot of individuals had to put up the money. We were hard up.

Mr. WHITE: They pay everybody else before the lawyers.

Mr. STEWART: Lawyers and doctors.

Mr. WHITE: That is all for now, Mr. Sweezey. I will call Mr. Daly.



The CHAIRMAN: Mr. Daly, just as Mr. Montgomery and Mr. Hellmuth and the other counsel, is, I suppose, being paid for his work here before the committee. I have absolutely no objection to hearing him, but it seems to me—it was your suggestion, Mr. Mackenzie.

Hon. Mr. MACKENZIE: My suggestion was this: that seeing that we had evidence regarding what happened here, the evidence might be brought up to the date this committee commenced to sit. It is immaterial to me, but I think when you hear one set of lawyers with their accounts exposed before the committee, you should hear them all.

Mr. LENNOX: I have no objection.

The CHAIRMAN: I have no objection.

Hon. Mr. MACKENZIE: I would like to talk it over with the auditor of the committee. Leave it until to-morrow morning.

Mr. WHITE: I can give you the information, Mr. Mackenzie.

AINSLIE W. GREENE, called and sworn.

*By Mr. White:*

Q. Mr. Greene, you are a practising barrister in Ottawa?—A. Yes.

Q. And you were, I understand retained by— —A. Originally by Meredith, Holden & Company.

Q. To act on behalf of?—A. First I did not know. Later it turned out to be—I really do not know—Marquette Investment Corporation or Beauharnois. If my recollection is correct, my account was paid by Marquette Investment Corporation.

Q. It was rendered to whom?—A. Rendered to Marquette Investment Corporation.

Q. We are told that they were disbursing on behalf of the Beauharnois Syndicate, and later the Beauharnois Power Syndicate. When did your services start?—A. Well, you have a copy of my correspondence, Mr. White. I have forgotten the date. If you look at the first letter from Meredith, Holden and Company to me, you will get the commencement of it.

Q. 12th October, 1927?—A. That is it.

Q. And it extended over a period of—apparently the last letter I have here is September 16, 1929?—A. That would be it.

Q. And your account was paid 27th July, 1929—at least part of it?—A. Part of it. I do not think it was all paid until sometime in 1930. I did not look up these figures.

Q. Your total fees, I understand were \$10,000?—A. \$10,000.

Q. And you have handed me your correspondence?—A. Yes.

Q. And does this contain all—at least, copies of your correspondence?—A. Copies.

Q. Are these true copies of all of your correspondence that you have had in connection with this matter?—A. Absolutely everything.

Mr. WHITE: I have been through this, Mr. Chairman, and there does not appear to me to be anything in it.

The CHAIRMAN: There is \$10,000.

Mr. WHITE: That is nothing to me, as you will see when you get my bill. There is nothing in it requiring comment. The services are largely departmental routine. There are some references, of course to interviews and things of that sort, but nothing that I can recall.

The CHAIRMAN: Having no particular significance to the matters under review here?

Mr. WHITE: There may be one or two letters, and if you will allow me a moment—I have looked them up. I have a few things of this kind to check up, and I am liable to slip.

*By Mr. White:*

Q. You were, I see, from time to time urging the officers of the department to get busy?—A. Yes.

Q. Various departments?—A. That was one of my main functions, to follow the application through the Public Works.

*By the Chairman:*

Q. That is the application for— —A. Beauharnois Light, Heat and Power under the Navigable Waters Protection Act.

Q. Were you told of the Sterling Industrial Corporation?—A. Never heard of it, sir, until this enquiry.

*By Mr. White:*

Q. You also had something to do, I understand with the obtaining of the approval of the assignment of the Cedars Rapids lease?—A. No.

Q. Or Montreal Light,— —A. No, I had nothing to do with that, Mr. White.

Q. Did you see Mr. W. B. Sifton in connection with this matter?—A. Yes, quite frequently.

Q. Working with him?—A. Yes, perhaps I should say under him.

Q. Under him?—A. Well, I looked upon Mr. Sifton and Mr. Geoffrion as main counsel for the applicants.

Q. Although you had obtained your original instructions from Meredith, Holden and company?—A. Quite.

*By the Chairman:*

Q. Then, you would probably have come in contact with the late Clifford Sifton, also?—A. Not in this connection, no.

*By Mr. White:*

Q. Here is one letter that I would like some explanation of. It is dated July 21, 1928 addressed to H. B. Griffith, Esq., 210 St. James Street, Montreal, Quebec, and is as follows:

DEAR HUGH:—This is just a line to remind you to bring with you the next time that you come to Ottawa, the necessary information in connection with the liabilities of outside subscribers to your syndicate. I explained the situation to you in connection with Greene and Robertson, and would like to clear this up if possible so that they might participate.

Yours very truly,  
AINSLIE W. GREENE.

What is the reference there, Mr. Greene?—A. Well, at that time I understand a lot of brokerage firms in Canada were being urged to participate to the extent, I think, of \$100 subscriptions, and we, Greene and Robertson, were spoken to by him or by some of the Beauharnois people themselves, I have no recollection, but they objected to subscribing to any syndicate without knowing what their liabilities were. But at the same time they were anxious to participate in it, so they would get the opportunity of selling the bonds, and they asked me to find out in some detail, what liability they had incurred if they subscribed for a small share in the syndicate.

Q. Greene and Robertson?—A. Greene and Robertson.

Q. A firm of brokers— —A. Ottawa, yes, my brother is Greene.

Q. Your brother is not green, surely?—A. Well, name only.

Q. Any more than I am white?

Mr. MONTGOMERY: Just as much as you are white.

Mr. WHITE: I got there first. I had a narrow squeak that time.

Then, a letter of July 28, 1928, from the Marquette Investment Corporation, per H. B. Griffith, to you.

DEAR AINSLIE:—I understand that Mr. Brown has sent to you two copies of plans which we filed—

I understand that Mr. Brown is the engineer in Montreal who is in charge of the work?—A. I suppose so, Fred Brown.

Q.—with the Department of Railways and Canals, accompanying our application for part of a dyke owned by that Department. I now enclose copy of the application itself, and wish you would hand this (together with the plans) to the proper person in the Department of Public Works.

You will recall that under their regulations we are required to apply to the Department concerned for any Dominion Government property which we wish to use, and while we are not required to file duplicate of such application with the Department of Public Works, I believe that for their information they would like to have these copies.

Yours truly,

MARQUETTE INVESTMENT CORPORATION,  
H. B. GRIFFITH.

I suppose you had filed your plans?—A. Well, I think so. There should be a copy if I did. There is probably a copy in my letter from Mr. White, that was retained. I don't remember.

Q. The next is a letter you wrote to Mr. O'Brien enclosing plans which you had been sent by Mr. Brown. Both letters are dated August 1, 1928.

Mr. JACOBS: Did you say this correspondence is not of much value?

Mr. WHITE: No. That is the reason I am not putting it in. I just marked one or two as I was going through, that I thought ought to be explained. I would be very glad to hand the copy to any member of the committee in case they think there is anything that ought to be referred to in it. There does not appear to be anything else in it, so I shall hand it back to Mr. Greene.

*By Mr. White:*

Q. Mr. Greene, apart from the \$10,000 that you say you were paid for legal services did you receive any other moneys from the Beauharnois Power Company, the Beauharnois Light, Heat and Power Company, the Beauharnois syndicate, the Marquette Company, or the Marquette Investment corporation, or any other subsidiary of the Beauharnois Power corporation, or any other company connected therewith?—A. Nothing, except, I think, there was \$19 or \$20. telephones and telegrams, or something. I think my bill had that much of a disbursement on it.

Q. Those are all the moneys you or your firm received or handled in any way for that corporation? Is that correct?—A. That is correct.

Mr. WHITE: That is all.

Witness retired.



Mr. WHITE: I have had an opportunity, Mr. Chairman, of reading the two reports, one of Mr. Crane and the other of Mr. Hogg, and so far as I am concerned, I am prepared to, if the committee thinks they ought to have the information that is in these, and it seems to me they ought, I see no reason why they should not be filed—

The CHAIRMAN: I went through them, and I came to the conclusion that there was no reason to exclude them. There is some information in there which may be helpful, but I doubt it though.

Mr. WHITE: The report of Mr. Crane, dated October 8, 1930, will be Exhibit No. 90, and that of Mr. Hogg, dated October 20, followed by letter of October 21, will be Exhibit 91. These are put in at my learned friend's suggestion, and I assume they will make any reference now or bring to the attention of the committee the principal parts of the report to which they wish to refer.

Documents filed and marked Exhibits 90 and 91.

Mr. FORSYTHE: Well, I gathered the impression from remarks made by some members of the committee that they thought it would be advisable to have these reports either wholly or in part.

Mr. WHITE: Mr. Forsythe has a splendid voice.

The CHAIRMAN: Is it really helpful, do you think?

Mr. FORSYTHE: I do not think, myself, that it is necessary to read the reports. I do not think any useful purpose would be served by reading them in detail.

The CHAIRMAN: I have gone through them.

Mr. WHITE: So far as Mr. Crane's report is concerned, the gist of it is all in the last couple of sentences in which he says, under the heading of Reliability of Completed Embankment:—

While there will probably be many slides and subsidences during the construction period, before proper slopes are made and before the materials become seasoned, it can be said that the finished structure will have a very high degree of stability.

The embankment cannot possibly leak. It will not slip if properly made. It will become even stronger with time.

In order that the inside dykes should have time to season, they should be completed during the year 1931, and should be trimmed to the final lines.

That is the gist of his report, and that is speaking, I understand, of the dykes as they are.

Mr. FORSYTHE: The embankments as they are now being constructed, as I read it.

Mr. WHITE: I would just like to call Mr. McLachlan for a moment. I don't know how far the committee stress this matter of construction of the dykes, having regard to the report which will have to be made by the committee, being in the dark as to whether the report would embody any findings or remarks in regard to the sufficiency of those dykes. If it is not in question, or if it is a question between Mr. McLachlan and other engineers, or something of that sort, Mr. McLachlan is here and can explain that.

Hon. Mr. MACKENZIE: Do you think this committee is competent to make a finding in regard to that?

Mr. WHITE: I have no idea of limiting the ability of the committee in any way.

Mr. JACOBS: Do you intend to stress that, Mr. White?

Mr. WHITE: Personally I am impressed with the question just asked me by Mr. Mackenzie. Without being called upon, as I say again, to put any

qualification on the extent of the ability of the committee to decide any question, I do not know that it is a part of my duty here to stress any matter of that kind, which is technical, and an engineering problem. I should think probably, that engineering problems would be better, perhaps, in the hands of engineers.

Hon. Mr. MACKENZIE: I think so too.

Mr. WHITE: However, I simply put the matter before the committee. Mr. McLachlan is here and if any of the members of the committee express the desire to hear him why he is available.

Mr. JACOBS: We have already heard him on the stand.

Hon. Mr. MACKENZIE: We have had two sides of this question presented to the committee already, Mr. White.

Mr. WHITE: The difficulty about that is that two reports are put in by two engineers, and there may be some things in those reports which, from the engineering standpoint, it would be well to have in this record, because this is going to be a permanent record and might possibly serve as a guide for some future action, either departmental or otherwise in respect to this project.

Hon. Mr. MACKENZIE: We had the pleasure of listening already to Mr. McLachlan for two or three days. If you are going to recall the witnesses we may be here till Christmas time.

Mr. JACOBS: You are aware, of course, that Mr. Hand who represents the department is permanently located on the works as an engineer.

Mr. WHITE: I do not understand, however, that Mr. Hand's position there has anything to do with the plan or plans or specifications to which the work is being done, other than to see that the work is being carried out according to those plans. That is the work of a resident engineer, not to approve of plans but to see that the work is being carried out according to the plans.

Hon. Mr. MACKENZIE: Could Mr. McLachlan possibly elaborate on what he said before.

Mr. WHITE: Again I cannot put a limit on Mr. McLachlan's possibilities. I am not urging it. I am only bringing it to the attention of the committee.

The CHAIRMAN: I would like to recall Mr. Moyer for a moment.

L. CLARE MOYER, recalled.

*By the Chairman:*

Q. You are already sworn, Mr. Moyer. I may have failed to recall whether you gave evidence with respect to a certain point or not but I would like to ask you this: The first 1,600 part-interests that you subscribed for, if I recollect correctly, you told the committee that the funds that paid for those came from W. B. Sifton to you?—A. Yes, sir. I subscribed for 800 part-interests which became 16 and were fully paid for from money handed to me by W. B. Sifton.

Q. How much money did it take to pay for those?—A. \$30,000.

Q. And, if I recollect correctly, you said the first \$15,000 was given to you in legals?—A. Yes, sir.

Q. And the next \$15,000?—A. The next \$15,000 in a bank draft. The third subscription was a 10 per cent call on the second 1,600 for which I had subscribed. On that I paid 10 per cent, \$16,000, which was also paid by bank draft.

Q. The price had gone up for the second 16?—A. No, it was 10 per cent of 1,600 shares at \$100 a share. Yes, the price had gone up I suppose.

Q. The first 1,600 cost you \$30,000?—A. Yes, sir.

Q. And that paid them in full?—A. Yes, sir.

Q. And the next 1,600?—A. Were \$100 a share. If paid for in full that would have been \$160,000. I paid one-tenth which was \$16,000.

*By Mr. Stewart:*

Q. You subscribed for 300 shares in the First Syndicate?—A. Yes, sir.

Q. 800 to cost \$30,000?—A. Yes, sir.

Q. That 800 shares came to 1,600 in the Second Syndicate?—A. Yes, sir.

Q. And you had a legal right to subscribe for 1,600 more at \$100 a share?

A. In the Second Syndicate, yes sir.

*By the Chairman:*

Q. That is as I understand it. Now, I want to clear this up if I can, Mr. Moyer, with you. Were the instructions that Mr. Sifton gave you just prior to his death, instructions in writing?—A. No, sir. Our negotiations and instructions throughout were verbal.

Q. Was W. B. Sifton, so far as you know, the sole and only person interested in those shares?—A. So far as I know, he was.

Q. Then when McDougald took over through the intervention of Ebbs did McDougald pay back the money to Sifton's estate?—A. I do not know that.

Q. That is the point I want to clear up. You do not know anything about that?—A. No, sir.

*By Mr. White:*

Q. He did not pay you?—A. No, sir.

Hon. Mr. MACKENZIE: Who could give us information on that point, Mr. Chairman?

The CHAIRMAN: That I do not know.

Hon. Mr. MACKENZIE: I agree with you, Mr. Chairman, that we should clear it up.

*By the Chairman:*

Q. Thank you, Mr. Moyer. You cannot clear that up for us?—A. I cannot, sir.

The CHAIRMAN: Well, that is all, thank you.

Mr. LENNOX: We could get the inventory of his estate from Brockville. I suppose that was his home.

The CHAIRMAN: Have you any further witnesses ready now, Mr. White?

Mr. WHITE: Not at the moment, Mr. Chairman.

The CHAIRMAN: Is Mr. Cameron the engineer here? Mr. Starr, I am advised that the Senate has given permission to the Honourable Dr. McDougald to appear before this committee to give evidence. That being the case, could you enlighten the committee as to when Senator McDougald would appear.

Mr. STARR: I will tell you that in the morning, sir. At the present time I do not know whether he will appear before this committee or not.

The CHAIRMAN: Do I take it that you are not advised as to whether Senator McDougald will take advantage—I do not use the words take advantage in any sinister way—but that he will avail himself of the right which he probably has to refuse to appear, or decline to appear.

Mr. STARR: I cannot say one way or the other at the present time.

The CHAIRMAN: The earliest time you can advise the committee is in the morning.

Mr. STARR: In the morning, yes.

The CHAIRMAN: Have you any further witnesses that you can go on with this afternoon?

Mr. WHITE: No, Mr. Chairman.

Mr. JACOBS: No more Ottawa lawyers.

Mr. STARR: Of course, he has not gone into his own fees before the committee yet. He has had everybody else up.

Mr. WHITE: Mine were settled the first day, Mr. Starr. Were you not here?



Mr. STARR: No, I was not here.

Hon. Mr. MACKENZIE: Mr. White's fee is not affected at all by any political influence.

Mr. LENNOX: And I may tell you he is not getting too much.

The CHAIRMAN: Do you think it possible that Senator McDougald would be here for the morning session?

Mr. STARR: I think it is possible for him to be here for the morning session, but whether he will appear here to give evidence or not I am not prepared to say until I can consult with him.

Mr. WHITE: There is just one matter I would like to bring to the attention of the committee and to clean it up. I think there must be some apprehension somewhere, and that is the telegram received to-day by yourself, Mr. Chairman, from Mr. Noah A. Timmins.

The CHAIRMAN: I think you had better recall Mr. Sweezey.

Mr. WHITE: Yes. Will you step into the box, Mr. Sweezey, for a moment.

R. O. SWEEZEY, recalled.

*By Mr. White:*

Q.

Referring to evidence of Mr. Sweezey relative to application of Credit General of Canada for 800 shares I had no interest in this application nor have I been at any time interested in Beauharnois in any way.

A. Who is that signed by?

Q. By Noah A. Timmins.—A. I never referred to Noah A. Timmins.

Mr. WHITE: That was my understanding of it, Mr. Chairman.

The WITNESS: No, sir. I referred to Senator Raymond's father-in-law, and I simply inferred that because Mr. Lefebvre was, I understand, Mr. Timmins' secretary, it might be that Mr. Timmins was joint with Senator Raymond.

*By Mr. White:*

Q. That is, Mr. L. H. Timmins?—A. I was merely speculating on what I supposed.

Q. The point is it was L. H. and not Noah A. Timmins at all?—A. No, sir.

*By the Chairman:*

Q. You mean the man who was commonly called Henry Timmins in his lifetime?—A. The one that was Senator Raymond's father-in-law.

Mr. JACOBS: He is dead.

The CHAIRMAN: That is what I say, we call him Henry.

The WITNESS: Yes.

*By Mr. White:*

Q. You did not intend to infer that it was Mr. Noah A. Timmins?—A. Oh, no, absolutely, because I know Mr. Noah A. Timmins and I was not acquainted with the other Mr. Timmins.

Mr. WHITE: I see, well that is my recollection.

Hon. Mr. MACKENZIE: Another mystery cleared up.

Mr. WHITE: I may say also I have been supplied with the Minutes so-called of the Sterling Industrial Corporation. I have not had an opportunity to look through them. They do not appear very formidable.

The CHAIRMAN: Then if there are no other witnesses that we can get on with to-night——

Mr. WHITE: I am afraid I cannot promise anything to-night.

The CHAIRMAN: I think you have done very well to keep moving without any interruptions. We will adjourn now until to-morrow morning at 11 o'clock.

The Committee adjourned at 5.30 p.m., Tuesday, July 14, 1931, to resume on Wednesday, July 15, 1931, at 11 a.m.

HOUSE OF COMMONS, ROOM 231,

WEDNESDAY, July 15, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:—

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

The CHAIRMAN: Are you ready, Mr. White?

Mr. WHITE: The first thing I want to bring to the attention of the committee will be the Minutes of the Sterling Industrial Corporation, and I would like to file them. They have been handed to me in a loose way, that is, they are not bound nor are they in a book, but just loose sheets.

The CHAIRMAN: That will be Exhibit No. 92.

Mr. WHITE: The first meeting was apparently held on the 26th of September, 1924, at which the three incorporators, Honourable Andrew Haydon, John Parson Ebbs and Lyla Brennan were present, and it was reported that the Letters Patent dated the 5th of July had been issued.

Then a meeting of the shareholders on the same day at which these three were elected as directors. And they appear to have been the directors throughout. The by-laws were passed and the Secretary then reported that the sum of \$2,500 had been subscribed and paid for in accordance with the Statute. That was the capital with which the Letters Patent stated that they might commence to carry on business. Although that statement is made I can find no trace in the Minutes, or elsewhere, that more than \$5 was paid up, and that appears later.

Then a banking resolution, and then a meeting of the shareholders who were Honourable Andrew Haydon, J. P. Ebbs, Belle Fraser, Mary Hilda Kelly and Lyla Brennan, all of whom were present. Mr. Ebbs, President; Miss Fraser, Vice-President, and Miss Brennan, Secretary Treasurer.

Then on that date the 26th September, 1924:—

Upon motion of Miss Fraser seconded by Miss Kelly, it was resolved that the action of the directors in authorizing the execution of the agreement between the corporation and His Majesty the King represented by the Department of Railways and Canals, as set out in said Minutes of Directors Meeting be and the same is hereby ratified and approved.

I do not know what that refers to, because I am unaware of any agreement that was made. It may possibly refer to the application that had been made to the Department of Railways and Canals.

Then a meeting of directors on the 27th September, 1924, that important consideration had been given to the filing of an application for rights to develop water power on the Ottawa River at Carillon and that these rights had been assigned to Mr. W. E. McGregor, and inasmuch as there were two applications

pending from the same company and that was undesirable, that the rights be transferred to Mr. W. E. McGregor of Boston, and that a new company be formed to make the Carillon application.

Those are all the Minutes except that a copy of the bank statement appears in the file under date of June 21st, 1927, and showing a credit of \$112.85 and a withdrawal of \$5. I suppose that was for filing the annual return, which left the balance of the company's assets at \$107.85.

By the way, did the Beauharnois Company know that there was that asset?

The annual return was filed for 1927, 1928 and 1929, and as they are practically identical I need only refer to the last one. It shows the date of incorporation, and shows the authorized capital of 500 shares, all common, the total amount of calls received \$2,500 and no contracts; no shares forfeited and none others issued. Everything else is blank except that the names and addresses of the directors which are given in accordance with the Minutes, and that return is made by J. P. Ebbs as President, Lyla Brennan, Secretary. And the affidavit is sworn before H. B. McGiverin, a notary public.

That is the total of the documents which have been handed to me by Mr. Ebbs as the Minutes of this corporation.

Then through the kindness of the Honourable Mr. Cannon, counsel for the province of Quebec, and the courtesy of the Prime Minister, I have been furnished with the documents which were requested, certified copies of certain documents. I think perhaps they might go in now, Mr. Chairman.

The CHAIRMAN: Are you putting the Minutes of the Sterling Company as an Exhibit?

Mr. WHITE: Yes, Mr. Chairman.

The CHAIRMAN: As Exhibit No. what?

Mr. WHITE: Exhibit No. 92.

The first document furnished me is a certified copy of the emphyteutic lease dated the 23rd June, 1928, for 40,000 cubic second feet, to the Beauharnois Light, Heat & Power Company with translation. This is not an official translation but I have no doubt that it is correct. That is in as Exhibit 41, I think.

The CHAIRMAN: I think that we had better put it in as a new exhibit, Mr. White, with a memorandum that it is a certified copy.

Mr. WHITE: 41 is the original. Shall we mark this 41A then?

The CHAIRMAN: Probably that is better. Mark it 41A.

Mr. WHITE: 41A is the certified copy of the emphyteutic lease with translation.

Then document No. 2 is a certified copy of the Quebec order in council, dated 27th April, 1928, authorizing the emphyteutic lease, with translation. That will be Exhibit No. 93. The important part of it from the standpoint of the committee appears to be a recital of the Honourable the Minister of Lands & Forests dated the 25th April, 1928, and speaking of the economic conditions in Quebec and the desirability of the development of this power from the Provincial standpoint, that is, from an economic standpoint.

Document No. 3 is a copy of the agreement of the 18th October, 1929, between the Dominion and the Province, executed in pursuance of Condition No. 24 of P.C. 422. This is a translation.

The CHAIRMAN: Has that gone in already as an exhibit, a copy of it?

Mr. WHITE: No.

The CHAIRMAN: Then that will be Exhibit 94. That is dated when, Mr. White?

Mr. WHITE: Agreement between the Dominion and the Province executed in pursuance of Condition No. 24 of Order in Council No. 422. The committee



will remember that that condition was that before commencing construction of any part of the approved works the company would secure the execution by the Province of an agreement, and to the satisfaction of the Dominion, respecting the maintenance by the Province of the said works in the event of same becoming the property of the Province in the completed state.

The CHAIRMAN: That is dated?

Mr. WHITE: The date of it is the 18th October, 1929, Mr. Chairman.

Sir EUGENE Fiset: There was an opinion from the Department of Justice on this agreement. That has not been read.

Mr. WHITE: No. I wonder if we can get that. I will endeavour to get that, Sir Eugene.

Then Document No. 4, a certified copy of Order in Council, Province of Quebec, of the 4th and 5th of December, 1929, granting water power rights of 13,072 cubic feet in respect of water used by Montreal Cottons.

The CHAIRMAN: Is that in already, Mr. White.

Mr. WHITE: No, I think that is not in, sir.

The CHAIRMAN: Then that will be Exhibit No.?

Mr. WHITE: That will be Exhibit No. 95, Mr. Chairman.

This authorizes the transfer of the utilization of that 13,072 cubic second feet from the site of the Montreal Cotton Company where it is in use to the canal to be built. That is the effect of it.

The CHAIRMAN: That is an Order in Council, is it?

Mr. WHITE: Yes.

The CHAIRMAN: Of the province of Quebec?

Mr. WHITE: Yes.

Then document No. 5 is the letter of the 17th of December, 1929, from the Beauharnois Light, Heat & Power Co., with the Minister's acknowledgment of receipt endorsed thereon to the Honourable the Minister of Lands and Forests, of the province of Quebec, accepting the grant made by the order in council preceding, and guaranteeing to make the payments and comply with the other terms and conditions therein set forth.

After making reference to the grant it says:—

The undersigned on its part hereby accepts this grant or concession and agrees to make the payments and comply with the other terms and conditions therein set forth.

That will be Exhibit No. 96.

Then document No. 6, a letter dated May 7, 1897, from the Province of Quebec to the Montreal Cotton Company in respect to the Bed of Lost Channel of St. Lawrence River below Federal Government Dam at Valleyfield. It is enclosed in a letter written by Mr. P. Lapointe, the Registrar at Beauharnois, dated June 30, 1924, to Mr. Arthur Amos, Director of Hydraulic Service, Department of Lands and Forests, Province of Quebec. It encloses a copy of their entry No. 28985 asked for in a letter dated June 27, 1924, which copy is dated May 7, 1897, and is entitled: "A Sale by the Government of the Province of Quebec to the Montreal Cotton Company."

Sir EUGENE Fiset: Mr. Chairman, may I ask if these three leases to the Montreal Cotton Company are the leases mentioned by Colonel Dubuc yesterday?

Mr. WHITE: Yes. They are covered by three separate Orders in Council.

## EXHIBIT No. 97

Document No. 6, a lease dated May 7, 1897, from the Province of Quebec to the Montreal Cotton Company, *re* Bed of Lost Channel of St. Lawrence River below Federal Government Dam at Valleyfield.

Letter dated Beauharnois, Quebec, June 30, 1924, from Mr. M. Laplante to Mr. Arthur Amos enclosing copy of Bureau Entry No. 28985.

I should have mentioned that the lease of May 7, 1897, is already in as Exhibit No. 44.

Document No. 7 is an Order in Council, dated April 25, 1928, approved on the 27th April, 1928, authorizing lease of water powers to Beauharnois Light, Heat and Power Company of 40,000 cubic feet second. It is all in French, and there is no translation. This order in council was on a report of a committee of the Executive Council under date 25th April, 1928. It apparently authorizes the use or extraction of 40,000 cubic feet second between Lake St. Francis and Lake St. Louis, so far as the rights of the Province of Quebec extend thereto, and providing that there is a minimum production, and mentions the rentals that were to be paid. It says that the lessee is under duty to instal in his works hydraulic motors capable of producing the following motive forces: (a) at the expiration of the first five years from the execution of this contract, provided that the approval of the plans be obtained, authority is given with a delay of one year, and at the expiration of the first five years from the date of such approval, if it is given, after the present year 100,000 horse power; (b) At the expiration of the sixth year 200,000 horse power; (c) At the expiration of the seventh year, 300,000 horse power; (d) At the expiration of the tenth year, 500,000 horse power. This concession is made with intent that the lessee shall enter into negotiation with the Federal Government with respect to the rights with which they are concerned and obtain permission to withdraw 40,000 cubic second feet. The rent is fixed as follows: (a) During the first five years, \$20,000 payable in advance each year; (b) At the expiration of the fifth year and for the years following, \$50,000, to the expiration of the lease; and in addition to the annual rental mentioned in Article 3 the lessee shall pay \$1 per horse power, the quantity of power being measured by meters and watt meters at the Power House.

## EXHIBIT No. 98

Document No. 7, an order in council dated April 25, 1928, approved April 27, 1928, authorizing lease of water powers to Beaucharnois Light, Heat and Power Company, of 40,000 cubic feet second.

Document No. 8 is a certified copy of an Order of Quebec Public Service Commission (Certificate of Convenience and Necessity) dated 17th September, 1929, approving plans under Public Service Commission (R.S.Q., 1925, c. 17 as amended by 16 Geo. V, c. 16.) There is nothing of importance in that, Mr. Chairman, that I know of, except that it says: "The commission hereby approves and permits the construction and operation of the plant and system above mentioned." That is the canal between Lake St. Francis and Lake St. Louis, the hydraulic power plant at the Lake St. Louis end of the canal; a partial diversion of the St. Louis River, and certain control and remedial works at various points in the St. Lawrence River to protect navigation.

## EXHIBIT No. 99

Document No. 8, an Order of Quebec Public Service Commission (Certificate of Convenience and Necessity) dated 17th September, 1929, approving plans under Public Service Commission (R.S.Q. 1926, c. 17 as amended by 16 Geo. V, c. 16).

Document No. 9 is an Order in Council of the 10/11th October, 1929, approving plans under the Water Courses Act (R.S.Q. 1925, c. 46). It concerns the request of the Beauharnois Light, Heat and Power Company relative to certain projected works, with the object of taking out 40,000 cubic feet seconds from the St. Lawrence River, and recites a memorandum or report of the Honourable Minister of Lands and Forests of the 10th October, 1929, and sets out the approval of certain maps and plans therein designated by number and letter. The lease is for seventy-five years from the 23rd June, 1928.

## EXHIBIT No. 100

Order in Council of 10/11th October, 1929, approving plans under the Water Courses Act (R.S.Q. 1925, c. 46).

Document No. 10 is an Order in Council of the 18/19th September, 1929, authorizing a new lease substituting new beach and deep water lots for those described in the lease of the 23rd June, 1928. There is nothing of moment in that document, Mr. Chairman.

## EXHIBIT No. 101

Order in Council 18/19th September, 1929, authorizing new lease substituting new beach and deep water lots for those described in lease of 23rd June, 1928.

Document No. 11 is an emphyteutic lease agreement of 18th October, 1929, between the Minister of Lands and Forests of Quebec and the Beauharnois Light, Heat and Power Company, substituting new beach and deep water lots as authorized by Order in Council preceding. There is some slight difference in the location.

## EXHIBIT No. 102

Emphyteutic lease agreement of 15th October, 1929, between the Minister of Lands and Forests of Quebec and the Beauharnois Light, Heat and Power Company, substituting new beach and deep water lots as authorized by Order in Council preceding.

Document No. 12 is a report of a meeting of the Executive Council, dated the 25th April, 1928, and approved by the Lieutenant-Governor on the 27th April, 1928, concerning the development of certain hydraulic power on the St. Lawrence between Lake St. Francis and Lake St. Louis.

Mr. MORIN: That is the original lease.

Mr. WHITE: This is the original report upon which the emphyteutic lease was based.



## EXHIBIT No. 103

Document No. 12, a report of a meeting of the Executive Council, dated April 15, 1928, approved by the Lieutenant-Governor on the 27th April, 1928.

Sir EUGENE Fiset: Mr. Chairman, this is the last lease granted by the Province of Quebec on the application of Beauharnois for additional horse power over the 40,000 cubic second feet.

The CHAIRMAN: I think Dr. Argue should come here and testify. That certificate would not be taken in a division court.

Mr. WHITE: No. The document was presented to me by one of the counsel for the Beauharnois Company. It is dated July 15, 1931, and is signed by J. Fenton Argue, M.D., and reads as follows:—

This is to certify that the Honourable Andrew Haydon has been confined to his home since early in February, 1931. He is suffering from a severe form of heart disease, and for the past two weeks has again had to take to his bed. At the present time his condition is such that he is unable to undergo any mental or physical strain.

As you suggest, Mr. Chairman, I think in view of the circumstances and the evidence which we have heard, it would be desirable for Dr. Argue to appear before the committee and make his statement under oath, to this effect.

The CHAIRMAN: Yes. With respect to the request of Mr. Cantin, to give evidence, contained in this letter sent to me, I have discussed it with the members of the committee, and while the committee feel in all likelihood that there is presently on the record all the evidence that Mr. Cantin will give, they think it desirable that no one should feel that this committee is not giving an opportunity to anybody to be heard. The committee therefore suggests, Mr. White, that you arrange an interview with Mr. Cantin as soon as you can, and go over his evidence. If we already have on the record the evidence that he would give, I do not suppose it would be any use in calling him. We have, of course, to rely upon you as counsel to know whether the evidence that he would give would serve a useful purpose, and in a large measure we will be guided by you.

Mr. WHITE: That is flattery, Mr. Chairman. You asked for Mr. Cameron yesterday; he is here now if you desire him.

The CHAIRMAN: I asked for him, but I see in reviewing the notes of evidence, that the question I wanted to ask him is presently on the record, so I do not need to call him.

Mr. WHITE: My learned friend, Mr. Montgomery, spoke to me about a desire on his part to put in certain Orders in Council, relative to other projects. I assumed the object in view—Mr. Montgomery will correct me if I am wrong—is to establish or to give evidence tending to establish that the practice of the department or of the successive governments, has been to deal with the extraction of water from navigable rivers, under the Navigable Waters Protection Act.

Hon. Mr. MACKENZIE: It establishes the departmental practice, I suppose.

Mr. WHITE: May I ask my friend to allow me, if Dr. Argue arrives, to call him?

Mr. MONTGOMERY: I do not know whether Mr. Cameron is here or not. Subsequently to my conversation I handed him that list and asked him to get the Orders in Council. I assumed, perhaps, he would phone someone else to get them, and bring them, but apparently he has gone for them himself.

Mr. WHITE: Have you not some of them?

Mr. MONTGOMERY: I have an unofficial copy.

Mr. WHITE: I think perhaps, subject to comparison, my friend might put in the copy.

The CHAIRMAN: Copy of what?

Mr. WHITE: My friend will tell you, sir.

Mr. MONTGOMERY: Pending the arrival of Mr. Cameron I wish to tender in evidence Order in Council P.C. 1071, issued on the 12th of May, 1915, authorizing the diversion by the Winnipeg Electric Railway of water from the Winnipeg River in the Pennewah Channel. That was approved under the Navigable Waters Act as well as under the regulations of the Department of the Interior.

Mr. JACOBS: Was that in 1915?

Mr. MONTGOMERY: Yes.

The CHAIRMAN: What is the purpose to be served by this evidence?

Mr. MONTGOMERY: The standing practice of the department and of successive governments has been to approve of the diversion of navigable waters under the Navigable Waters Protection Act—the diversion from navigable rivers of waters for power purposes under the Navigable Waters Protection Act.

Hon. Mr. MACKENZIE: By Order in Council.

The CHAIRMAN: You would argue then, I presume, that by reason of the long standing practice the Governor in Council would be justified in pursuing the same practice in this regard?

Mr. MONTGOMERY: There is no reason why any different practice should have been adopted in this regard. Of course, they have the opinion of the Deputy Minister of Justice as well as to the regularity of it.

The CHAIRMAN: You would not go so far as to say that if the former practice was malpractice it should be persisted in?

Mr. MONTGOMERY: It at least gives a very strong presumption in favour of the method that was adopted—the practice that has prevailed ever since the Navigable Waters Protection Act was enacted.

Mr. JACOBS: You argue that that is the law?

Mr. WHITE: When was the Navigable Waters Act first enacted?

Mr. MONTGOMERY: I do not know. It was in two divisions in the Statute of 1909, and you will observe, in regard to the Navigable Waters Protection Act, that that title only came into the consolidation that was made in one of the revisions of the Statutes; that the particular sections we are dealing with, under what we call the Navigable Waters Protection Act to-day, were not by Statute enacted under that title.

The CHAIRMAN: It does seem to me to be rather a misnomer.

Mr. MONTGOMERY: That is not law. It was purely a consolidation of two acts under one heading, and in one of the sets of the Revised Statutes of 1909, I think it was; and these sections that we are now dealing with were taken from a Statute which did not bear that title and were consolidated with the Navigable Waters Protection Act, which was contained in the sections with which we are not concerned in this particular case, and that part of the Statute bringing the Revised Statutes into force declares that they are not entitled to change the law at all; that it is purely a consolidation. The particular sections we have under discussion were not enacted under the title "Navigable Waters Protection Act." I have forgotten the Act—

Mr. WHITE: Captain MacKenzie has handed me a memorandum which I think would be very valuable in this connection, containing a history of this legislation, and I think, perhaps, if my learned friend will permit me to interrupt him, it might be well at this stage to read it into the record.

The CHAIRMAN: It will, at least, save Mr. Jacobs some time having to look it up.

Mr. JACOBS: Myself and others too.

Mr. WHITE: Sections 54 and 55 and 56 of the Railway Act of 1867 provides that railways crossing navigable waters shall submit plans and proposed site to the Railway Committee and shall conform to such regulations as that Committee imposes. That is 1868. By 39 Vict. (1876) Ch. 15 similar provision was made for the crossing of navigable waters by railway or other road companies incorporated under Provincial Acts. The Consolidated Railway Act (1879) 42 Vict. Ch. 9, ss. 66-7 and 8 contains similar provisions. For the first time by 46 Vict. (1883) Ch. 43 it is provided—Sec. 1. No. boom, dam or aboiteau shall be constructed whether under the authority of an act of the legislature of a province. . . .so as to interfere with navigation, unless the site thereof has been approved. . . .in accordance with plans approved by the Governor General in Council. Sec. 7—The word “Boom” includes works necessary and appurtenant thereto; the word “dam” includes the works necessary and appurtenant thereto; and the word “aboiteau” includes dykes and other works of a similar character. By 49 Vict. (1886) Ch. 35—it is provided—Sec. 1—. . .the expression “work” means and includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, and the approaches or other works necessary or appurtenant thereto; and “lawful work” means and includes any “work” not contrary to the law in force at the place of the construction thereof at the time of such construction. Sec. 2 provides that plans be filed with the Minister of Public Works, etc., and application for approval be made to the Governor General in Council.

So, apparently that section, whether under the name of the Navigable Waters Protection Act or other name was in force in practically its present form since 1883.

JOHN ARGUE, M.D., called and sworn.

*By Mr. White:*

Q. Dr. Argue, you are a regularly qualified physician and surgeon practising in Ottawa?—A. I am, sir.

Q. I understand you are the physician in attendance upon Hon. Andrew Haydon?—A. I am.

Q. There is a certificate signed by you which we have read here this morning dated to-day?—A. Yes sir.

Q. And do you say that the contents of that are true in substance and in fact?—A. I do.

Q. And would you say as to whether the attendance here of Hon. Mr. Haydon to give evidence before this committee is possible at the present time?—A. I do not think that his physical condition is such that he could come here.

The CHAIRMAN: That will do, Doctor, thank you.

Witness discharged.

Mr. MONTGOMERY: Supplementing the memorandum of Mr. Mackenzie, I would like to draw attention—I have this reference to the Revised Statutes—to part one, to refer to the Revised Statutes of Canada 1886. Part one of the Act—the part with which we are here concerned—was Chapter 92 of the Revised Statutes of Canada 1896 and was entitled “An Act Respecting Certain Works in, on or over Navigable Waters.” Part two, Chapter 91 “An Act Respecting the Protection of Navigable Waters.” Now, they were combined as Chapter 115



of the Revised Statutes of 1906 under the present title Act for the protection of navigable waters; but sections 6 and 7 of the enacting Statute 43 provided that the Revised Statutes of Canada, 1906, were not to be held to operate as new law. They were consolidated, in the first place, in the Revised Statutes of 1906 under the one chapter 115, as it was known then. Prior to that time, there had been two Acts in the Revised Statutes of 1886-91 and 92. The part with which we are concerned in the present Navigable Waters Protection Act, prior to that time, was Chapter 92, and was entitled "An Act Respecting Works in or over Navigable Waters." The parts we are not concerned with in the present Navigable Waters Act—that was Chapter 91 of the Revised Statutes of 1886—and was entitled "An Act respecting the Protection of Navigable Waters." Now, when they consolidated the Statutes in 1906 they put 91 and 92 together under the title "An Act for the Protection of Navigable Waters," but the Statute bringing into force the revised Statutes of Canada—6 and 7 Edward VII, Chapter 43, provided that nothing in this revision could be construed as in any way changing the law.

The CHAIRMAN: So that part one of the present Act reflects the first Statute; part two the other Statute.

Mr. MONTGOMERY: Yes.

Mr. WHITE: Perhaps it would be completed down to the present time, Mr. Montgomery.

Mr. MONTGOMERY: The 1906 revision is reproduced in the 1920.

Mr. WHITE: Hardly. 9 and 10, Edward VII, Chapter 44, 1910, repeals the 1906 Statute and substitutes for Section 4 this section:—

No bridge, boom, dam, aboiteau, wharf, dock, pier or other structure of any kind, shall be built or placed in or across any navigable water, unless the site thereof has been approved by the Governor in Council, nor unless such bridge, boom, dam, aboiteau, wharf, dock, pier, or other structure is built and maintained in accordance with plans approved by the Governor in Council. The foregoing provisions of this section shall not apply to small wharfs not costing more than \$1,000, or groynes or other bank or beach protection works, or boat houses, which do not interfere with navigation.

Mr. WHITE: And then again:

8-9 Geo. V—Chap. 33 (1918) enacts—Par. (a) of Sec. 2 of the Navigable Waters Protection Act, Chap. 115, R.S., 1906, is repealed and—

Mr. MONTGOMERY: I do not think it changed the whole Act. It was an amendment to it, was it not?

*Mr. White:*

Par. (a) of Sec. 2 of the Navigable Waters Protection Act Ch. 115, R.S., 1906, is repealed and the following substituted therefor:—

(a) 'work' includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe.

The CHAIRMAN: Did the previous legislation incorporate "lawful work" as the present Act interprets it? The present Act, section 2 sub-section (a), that is, the interpretation section, says:—

'lawful work' means any work not contrary to the law in force at the place of the construction thereof at the time of such construction;

Mr. WHITE: That provision was in the 1886 enactment.

Mr. JACOBS: And the change was made in 1918. I understand there was some modification.

Mr. WHITE: Yes:

(a) 'work' includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.

Mr. JACOBS: It is more explanatory than otherwise, I think.

Mr. WHITE: Well, it enlarged the scope of the Act to include specifically, "tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto".

The CHAIRMAN: Is that the first Statute wherein the word "work" was interpreted to mean something?

Mr. WHITE: No, in 1886.

The CHAIRMAN: No, but "lawful work"?

Mr. WHITE: It reads:

The expression "work" means and includes any bridge, boom, dam, aboiteau, wharf, dock, or other structure, and the approaches or other works necessary or appurtenant thereto; and "lawful work" means and includes any "work" not contrary to the law in force at the place of the construction thereof at the time of such construction.

And then work as interpreted in the present Act, just enlarges that.

Mr. JACOBS: There was a decision, I understand, by the courts at that time and it was found necessary to make the change in order to clarify the Statute.

Mr. WHITE: I would assume that to be the case. Some question must have arisen, apparently, in regard to power lines.

The CHAIRMAN: Have you got any suggestion to make as to why lawful work should be interpreted? It appears in section 3.

Hon. Mr. MACKENZIE: Yes, section 3.

Mr. WHITE: I do not think it helps us much.

Mr. JACOBS: We are getting into deep water.

Mr. WHITE: Into the 27 foot channel. Then section 4 of The Navigable Waters Protection Act, as enacted by Chapter 44 (1910) is repealed and the following substituted therefor:—

4. (1) No work shall be built or placed, upon, over, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the Governor in Council.

The effect of that section I take to be, from a cursory glance, Mr. Chairman, to incorporate into this section the word "work" according to the definition which has been given in the Act.

I should think perhaps it would be well if this whole memorandum were incorporated in the notes of evidence just as it is, if Mr. Mackenzie will allow the reporter to have it:—

SS. 54-5 and 6 of the Railway Act of 1868 provides that Railways crossing navigable waters shall submit plans and proposed site to the Railway Committee and shall conform to such regulations as that Committee imposes.

By 39 Vict. (1876) Ch. 15 similar provision was made for the crossing of navigable waters by Railway or other Road Companies incorporated under Provincial Acts.

The Consolidated Railway Act (1879) 42 Vict. Ch. 9, ss. 66-7 and 8 contains similar provisions.

For the first time by 46 Vict. (1883) Ch. 43 it is provided—

Sec. 1—No boom, dam or aboiteau shall be constructed whether under the authority of an act of the legislature of a province. . . .so as to interfere with navigation, unless the site thereof has been approved . . . .in accordance with plans approved by the Governor General in Council.

Sec. 7—The word “Boom” includes works necessary and appurtenant thereto; the word “dam” includes the works necessary and appurtenant thereto; and the word “aboiteau” includes dykes and other works of a similar character.

By 49 Vict. (1886) Ch. 35—it is provided—

Sec. 1: . . . .the expression “work” means and includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, and the approaches or other works necessary or appurtenant thereto; and “lawful work” means and includes any “work” not contrary to the law in force at the place of the construction thereof at the time of such construction.

Sec. 2 provides that plans be filed with the Minister of Public Works, etc., and application for approval be made to the Governor General in Council. Navigable Waters Protection Act—R.S. (1906) Ch. 115, defines—

Sec. 2 (a) “work” includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, and the approaches or other works necessary or appurtenant thereto:

Sec. 2 (b) “lawful work” means any work not contrary to the law in force at the place of the construction thereof at the time of such construction.

9-10 Ed. VII—Chap. 44. . . (1910) enacts —

Secs. 4. . . of the Navigable Waters Protection Act, Ch. 115, R.S., 1906, are repealed and the following substituted therefor:

4. No bridge, boom, dam, aboiteau, wharf, dock, pier or other structure of any kind, shall be built or placed in or across any navigable water, unless the site thereof has been approved by the Governor in Council, nor unless such bridge, boom, dam, aboiteau, wharf, dock, pier, or other structure is built and maintained in accordance with plans approved by the Governor in Council. The foregoing provisions of this section shall not apply to small wharfs not costing more than \$1,000, or groynes or other bank or beach protection works, or boat houses, which do not interfere with navigation.

8-9 Geo. V—Chap. 33. . . (1918) enacts—

Par. (a) of Sec. 2 of the Navigable Waters Protection Act, Ch. 115, R.S., 1906, is repealed and the following substituted therefor:

(a) (work) includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.



Secs. 4. . . of the Navigable Waters Protection Act as enacted by Ch. 44 (1910) are repealed and the following substituted therefor:

4. (1) No work shall be built or placed in, upon, over, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the Governor in Council.

The CHAIRMAN: Just before you pass on, will you please look at section 5, subsection 2. What do you say the word "works" means?

Mr. WHITE: I should think it is just a bit of faulty drafting, Mr. Chairman, and intends to mean the same kind of works.

Hon. Mr. MACKENZIE: "Work" means works, Mr. Chairman.

The CHAIRMAN: No, but the word "work" is interpreted and therefore in the statute, if the drafting is proper, "work" should be used as "work" only.

Mr. WHITE: That, I think, is just intended to mean the plural of the work as defined in that section.

The CHAIRMAN: We have just got to speculate to that extent, that is, just as to what it does mean.

Mr. JACOBS: I fancy that the date here, the 1st day of June, 1918, refers to the decision rendered by the courts at that time.

Mr. WHITE: Or to the date of the passing of the Act, or the assent of the Governor in Council to the Act in 1918.

Mr. JACOBS: It does not say when that Act shall come into force.

Mr. MONTGOMERY: You want to get my point, and that is, that the Revised Statutes, following the history of this thing, what is now part 1 of the Act with which we are concerned was Chapter 92 and did not bear a title at all, an Act respecting the protection of Navigable Waters. The Act was a second Act, Chapter 92, and that the Act respecting the protection of Navigable Waters was Chapter 91 of the Revised Statutes of 1886 and includes what is now Part 2 of the present Act.

Mr. WHITE: I assume, Mr. Chairman, that we are concerned principally and probably only with the state of the law as it was at the time of the passing of Order in Council 422, the only object of studying the history of the legislation being to help in regard to its interpretation, if such help is necessary.

The CHAIRMAN: Has Doctor Argue gone?

Mr. WHITE: Yes.

The CHAIRMAN: I want to inquire as to whether or not Senator Haydon could be examined at his home without imperilling his health.

Mr. WHITE: Will you permit Mr. Symmes to call him and ask him by telephone?

Mr. CHAIRMAN: Yes.

Mr. WHITE: Will you do that, Mr. Symmes?

Mr. SYMMES: Yes.

Mr. MONTGOMERY: I observe Mr. Cameron is in the room now.

KENNETH M. CAMERON, recalled.

*By Mr. Montgomery:*

Q. Mr. Cameron, I have asked you to look up and exhibit the several Orders in Council which appear by reference to page 299 of the evidence?—A. I have left on the Clerk's table, sir, a number of departmental files which contain most of the Orders in Council.

On file, departmental number 7876-1, there is the Order in Council of the 28th February, 1919, approving of the Queenston-Chippewa Power Canal at Niagara Falls.

The Dominion Power and Transmission work near St. Catharines referred to was not approved by the Department of Public Works since it was water diverted through the Welland Ship Canal, or Welland Canal, but would be governed direct by the Department of Railways and Canals.

Q. I think you explained to us the other day that that did cover a diversion of waters from the Niagara River which was a navigable river, by means of backing up a section of the Welland River and then taking the waters through a canal down to Queenston?—A. Yes. It reverses the flow of the Welland River and takes the water out of the Niagara River by way of the Welland River and through the artificial canal.

Q. Could you have a copy prepared of the Order in Council and file it as an exhibit?

The CHAIRMAN: Mr. Montgomery, I am reluctant to interrupt you, but does this evidence help us? Let us take it for granted, for the moment, that this practice has been pursued on other so-called navigable streams. If this committee were called upon, or had the power to make any binding declaration, we are irresistably forced to turn to the Statute and see what rights, in fact, the Governor in Council had, or what rights in law he had, because the department in the past may have pursued a course that was not legal. I do not need to argue with you that the persistence in that practice would not have the slightest effect on the legality of any further act of the Governor in Council along similar lines.

Hon. Mr. MACKENZIE: I do not agree with you at all, Mr. Chairman, in that.

Mr. JACOBS: I cannot agree with the Chairman on this matter. A legal question of this kind has to be submitted to the Department of Justice, and we have to obtain from the Department of Justice what the law is. Although some of us are lawyers and others are members of the Bar, some of us are not. How can we, as a committee, decide what is and what is not the law?

Mr. LENNOX: Are we going to decide it because there has been precedent?

Mr. JACOBS: Not necessarily.

Hon. Mr. MACKENZIE: I think if we are going to discuss the legality we should consult the Deputy Minister of Justice or the proper officer.

Mr. JACOBS: He is the dispenser of legal advice to every department and to every Government.

Mr. LENNOX: The Minister of Justice or the Deputy Minister of Justice, no matter what his opinion might be, would not affect either Mr. Mackenzie, or Mr. Jacobs, or myself or the Chairman.

Hon. Mr. MACKENZIE: My point is that any Government of the day, no matter what Government it is, is bound to accept the legal opinion of the Deputy Minister of Justice.

Mr. JACOBS: Not the Minister but the Deputy Minister of Justice.

The CHAIRMAN: You do not suggest, Mr. Jacobs, that any opinion which the Deputy Minister may give is not capable of being challenged by a proper and competent tribunal.

Mr. JACOBS: Are we that tribunal?

The CHAIRMAN: We are not. That is the reason I say that this evidence is innocuous.

Sir EUGENE Fiset: As an ordinary layman, I would like to understand from Mr. Montgomery if in connection with all of the Orders in Council, and the

cases that he has mentioned here in this committee, the opinion of the Department of Justice has been obtained before any decision was made or any powers whatever granted by those Orders in Council.

Mr. MONTGOMERY: I assume so from the evidence given by Mr. Hunter.

The WITNESS: It was the invariable practice of the department to submit all such matters to the Department of Justice before submitting them to the whatever granted by those Orders in Council.

Hon. Mr. MACKENZIE: I am inclined to agree that all this evidence you are bringing in is of no material value to the committee at all.

Mr. MONTGOMERY: I am at the disposal of the committee.

The CHAIRMAN: It is not our desire to exclude it if it is useful.

Mr. WHITE: Of course, in all of the files which I have been able to read, and in any of the opinions which have been given by the Department of Justice, it does not seem to me that the flat question has ever been submitted to the Department as to whether under the Navigable Waters Protection Act the Governor in Council has power to authorize the diversion of waters from a navigable stream.

Mr. HELLMUTH: Mr. Chairman, there is another angle to this evidence which I would suggest, that is, if on any given question there is some doubt, and for a long series of years a certain interpretation has been put upon an Act and that has been followed, that certainly has been held as a fair argument to say that that is the correct interpretation. It has been so held in the courts in England, that where people have acted upon what might have been an originally doubtful construction that the construction that had been placed upon it by those people—not only in Acts but in contracts—is the construction that should be put upon it by the courts when it comes before them. And here we have had this Act in force for a great number of years, followed by a consistent course of conduct, a course of conduct that has been suggested by the Minister of Justice or the Deputy Minister of Justice as legal, and where that has been done it is, I submit to this committee, some reason for saying that one should accept that as the proper construction.

Mr. LENNOX: Do you argue that without knowing what the circumstances were in this particular case?

Mr. HELLMUTH: No; but my friend, Mr. Montgomery, can furnish the Committee with cases, in which there had been a diversion of water authorized or permitted by Order in Council, analagous to this particular case. Surely there is something to be said about the way in which the law has been interrupted for a number of years. I think I could give you very conclusive authority upon that point.

The CHAIRMAN: With respect to the English line of cases to which you make reference, am I not correct in thinking that when what is called a practice, either under the statute or under contract, has been pursued for a considerable time and is ultimately challenged in the courts or before a competent tribunal—I offer this thought to you with a great deal of hesitation because I know that you have been through these cases and know the law much better than I do—the argument you have advanced was advanced in such cases purely in equity?

Mr. HELLMUTH: I was thinking of two cases in one of which a contract had been made in regard to the taking of coal, and it was exceedingly doubtful whether under that contract the construction that had been placed upon it for sixty years was the correct construction; both parties had for sixty years acted on that construction in regard to the removal of coal.

Mr. WHITE: Is not that the doctrine of estoppel?



Mr. HELLMUTH: No, not at all. In that particular case it was held that it was only reasonable to construe that document according to the construction that the parties to it had placed upon it during that time.

The CHAIRMAN: Would not that be the doctrine of estoppel?

Mr. HELLMUTH: It was not put in that way.

Hon. Mr. MACKENZIE: Another question arises as to whether estoppel can be urged against the Crown.

Mr. WHITE: No, it cannot.

Mr. MONTGOMERY: No.

Mr. HELLMUTH: The other case went to the Privy Council. The Supreme Court of Canada had reversed the judgment of the trial judge and the Ontario Court of Appeal in regard to the meaning of a policy of insurance with reference to the storage of gasoline or something like that. The Supreme Court held that notwithstanding that for twenty-five or thirty years that section of the policy had always been so construed in Ontario it was apparently plain that if you ascertained the literal construction, the Ontario Courts were wrong. When it went to the Judicial Committee of the Privy Council they held that where that construction had been observed by the courts of Ontario for a number of years upon an article or section of the policy they were not going to disturb it and leave the public at large with a different view of the law from which had prevailed for twenty-five or thirty years.

Mr. LENNOX: Does that apply here?

Mr. HELLMUTH: Yes.

Mr. LENNOX: I think there is a very great distinction. In the case you have mentioned they had a contract and they were relying upon an interpretation that had been assigned to it for years and years.

The CHAIRMAN: By the courts?

Mr. LENNOX: Yes. Here we have a different condition entirely. As I understand it, Mr. Montgomery was endeavouring to show, in connection with different navigable waters, that the procedure was so and so, whatever it may be. Surely that does not apply to the case you have cited, Mr. Hellmuth, because the case you have cited is one that was established by the courts and was recognized by the public and by the lawyers as being within the law, and it would have been absolutely unfair to place a different interpretation upon it; but in each of these cases the condition must of necessity have been different.

Mr. HELLMUTH: I would put it this way, if I may with deference, that if for a number of years a series of Orders in Council have authorized the diversion of water and a person or corporation comes forward to-day and asks for a diversion of water which he recognizes has been previously authorized by the department or the Governor in Council, he is following the ordinary course, and then he gets the additional protection of the opinion of the Minister of Justice that this is a proper course for the Governor in Council to pursue. Surely he is in a position then, when he enters into contract with the Federal authorities, to carry that out? He surely has been led to place reliance upon the course that has been followed for years and which has been endorsed by the Minister of Justice? I submit that in ordinary justice between the parties neither could repudiate an agreement that was entered into under those circumstances.

Mr. LENNOX: What about a third party?

Hon. Mr. MACKENZIE: Who is the third party?

Mr. LENNOX: We are.

Hon. Mr. MACKENZIE: "We"?

Mr. LENNOX: I mean the Government.

Mr. HELLMUTH: The Government was one of the parties to this agreement through the Governor in Council. I did not mean to argue it in this way, gentlemen, but it is only fair to point out that the agreement here is based by both parties upon the legal opinion of the one person to whom they would be entitled to apply. I could furnish this committee with the opinion of leading counsel that that is within the authority of the Governor in Council. I shall be very glad to do so.

Mr. LENNOX: I agree with you generally that that is correct.

Mr. HELLMUTH: Perhaps I am taking up more time than I should.

Mr. MONTGOMERY: In supplementing what my friend, Mr. Hellmuth, has said I would like to state that there are decisions to which I could refer to the effect that when interpreting an amending statute consideration should be given to the existing jurisprudence or law at the time the statute was passed.

As regards the circumstances to which Colonel Lennox has referred, I would suggest, for the convenience of the committee, that the remaining pages of that memorandum be spread upon the record, because they furnish the circumstances of each one of these cases, and the extent of the diversion from the navigable waters. On page 299 you have the names of the several diversions, and the memorandum furnishes a little summary of what was done in each case, what the circumstances were and the extent of the diversion, which ranges from half a mile to five miles, diversion out of the navigable stream and the return of the water half a mile to five miles below.

The CHAIRMAN: We will have to get the copy of the letter written by the Deputy Minister of Justice in that regard and the letters written in connection with all the other ones.

Q. Can you get those?—A. Yes.

Mr. MONTGOMERY: Mr. Chairman, would you order that the remaining pages of that memorandum be spread upon the record?

The CHAIRMAN: Yes.

Q. Consider the Ontario Hydro on the Nipigon River. Would you pass an Order in Council in connection with that?—A. Yes; at Cameron Falls.

Q. Who declared the Nipigon River a navigable stream?—A. The department held that it was a navigable stream.

Q. Who in the department?—A. They usually asked the Engineering Branch if it was a navigable stream.

Mr. WHITE: In all these matters the question as to whether or not a stream is navigable within the meaning of the British North America Act so as to create jurisdiction within the Dominion is a question of fact.

Mr. JACOBS: Yes; it is a matter of the interpretation of what is a navigable stream.

The CHAIRMAN: Who is set up to determine and declare what is navigable and what is not?

Mr. LENNOX: That is the reason I took exception to Mr. Hellmuth's argument. We have had no evidence as to whether these Orders in Council referred to navigable streams or not.

Mr. MONTGOMERY: They were all deemed to be navigable streams by the parties at the time, and that is why they applied.

The CHAIRMAN: Deemed by whom?

Mr. MONTGOMERY: I suppose the parties deemed the application to be necessary or they would not have applied. They obtained permission under the Navigable Waters Act.

The CHAIRMAN: Of what possible value would the opinion be of an individual who was not clothed with authority to declare whether or not a stream was navigable?

Mr. MONTGOMERY: You can depend upon it that they did not apply for approval under the Navigable Waters Act, and that the department did not grant such approval, unless they thought they were navigable waters.

Mr. LENNOX: I do not agree with you. They might take that precaution. They might apply to the Government and the Government might say: "That is not a navigable stream. Go ahead."

Mr. MONTGOMERY: That does not apply to the Nipigon River. You will find that in most of these cases there is no question about the navigability of the waters. Cedars Rapid, for instance, is the River St. Lawrence, and the presumption is that the rivers are navigable, otherwise the application would not be made. Of course, a river can be navigable in parts and not navigable in other parts. The Gatineau is held to be unnavigable at Coteau Falls and to be the property of the riparian owners, and at a lower stretch in the river, and at its mouth, the Gatineau is held to be navigable by the Supreme Court.

The CHAIRMAN: Does the decision of the Judicial Committee affect the whole of Canada?

Mr. MONTGOMERY: I think so.

Mr. MONTGOMERY: In the case of McLaren and the Attorney General and the King, it was held that that section of the Gatineau was not navigable, and it was declared to be the property of the riparian proprietors, as against the province of Quebec. Then, later on, the Supreme Court of Canada in the case of Lemieux and the King, held that a lower stretch of the same river was navigable.

Sir EUGÈNE Fiset: Would it be advisable to ask Mr. Cameron if there exists in the Department of Public Works a classification of navigable streams?

The WITNESS: No; each application is dealt with as it comes up.

Sir EUGÈNE Fiset: You have no general classification of navigable streams in Canada?

The WITNESS: Do you mean to say, a classification that this stream is navigable and this one is not?

Sir EUGÈNE Fiset: Yes.

The WITNESS: No, sir.

Mr. WHITE: The fact that a person made an application under the Navigable Waters Protection Act—the question as to the navigability of the stream and any admission thereon would only be binding on the particular party who made the application.

Mr. MONTGOMERY: Well, I think we can go on this presumption, if the rivers were not navigable, approval would not have been applied for in that connection.

The CHAIRMAN: I think I would rather put it on the other ground that the operations in all these cases contemplated the expenditure of large sums of money, and the parties interested engaged careful and competent legal talent and they were taking no chances.

Mr. MONTGOMERY: I do not know, Mr. Chairman. This river appears to be what we are discussing; and the procedure that was adopted under the Navigable Waters Act was upon the assumption that the waters were navigable, whether they were or not.

Hon. Mr. MACKENZIE: You are trying to elicit the procedure in rivers that were assumed to be navigable.

Mr. MONTGOMERY: Exactly.



The CHAIRMAN: Can some counsel enlighten me on this; was the act respecting the protection of navigable waters, chapter 140, to which we are referring, passed by the parliament of Canada by reason of the authority that the Parliament of Canada has under the British North America Act, section 91, regarding navigation and shipping.

Mr. MONTGOMERY: No doubt.

The CHAIRMAN: Can you enlighten me on this: When the Parliament of Canada, acting within the scope of its authority under the B.N.A. Act, passes an act such as the Navigable Waters Protection Act, and delegates authority to the Governor in Council, is it the law of the land that the Act must be read strictly?

Mr. MONTGOMERY: I do not think it should be, any more than any other law. The Parliament exercised its powers through the Governor in Council as an administrative body. One can see the same thing in the Public Works Act or any administrative act by which the Parliament exercises and administers the powers it passes.

Mr. LENNOX: I suppose we cannot read into the statute something it does not contain?

Mr. MONTGOMERY: No.

Mr. LENNOX: It is very often done.

Mr. WHITE: You will have to regard this, then—

Mr. MONTGOMERY: Except that the interpretative sections of the Revised Statute, as you will remember, Col. Lennox, provides that the Act shall be given such large and fair construction as will best attain the purposes sought to be achieved.

Mr. JACOBS: In other words, it has to be interpreted with intelligence.

Mr. MONTGOMERY: Yes, and in a way to get the spirit of the legislation.

Mr. WHITE: It seems to me, Mr. Chairman, to construe an Act of Parliament by which the rights of Parliament are delegated or reinvested in the Crown—those are to be guarded with extreme jealousy.

Mr. MONTGOMERY: I would suggest there was no delegation. When different departments are set up and appointed to take charge of certain branches of the Dominion work, that is not a delegation of parliament.

Mr. WHITE: That is not what has been done, Mr. Montgomery.

The CHAIRMAN: Am I not correct in this; that this act by section 4 and section 7 clothes the Crown, the Governor in Council, with the authority and at the same time while the legislation still exists, divests the Parliament of Canada to the same extent as it invests the Governor in Council.

Mr. MONTGOMERY: It does not divest the Parliament of Canada of anything.

Hon. Mr. MACKENZIE: They have power to annul it.

The CHAIRMAN: While it is in force. It is quite true they have the power to annul it.

Mr. JACOBS: They may have concurrent jurisdiction. Mr. Montgomery, pardon me, this matter came before the Parliament of Canada, and there was a full debate upon it in the session of 1928 when the order in council was passed, and it was placed on the table of Parliament and fully discussed, and the intention of the Government, or the intention of Parliament in connection thereto was fully discussed. I think I will have the debates here this afternoon.

Mr. MONTGOMERY: With regard to the suggestion of delegation or sub-delegation of powers, some of these orders in councils, insofar as practice serves to interpret the law, do contain similar delegations to those that are contained

in this case, whereby work is delegated to the Minister of Public Works to make such orders, and so on, as he may deem necessary. The Cedars Rapids is an example.

The CHAIRMAN: I do not know that we are going to be concerned with this at all, which is at present under review, but I want to get Mr. Hellmuth's opinion of this point, and I wanted to get Mr. Montgomery's, because it may save me some money in the future.

Mr. JACOBS: How is it going to save you money?

The CHAIRMAN: It will save me counsel fee. Mr. Starr, referring again to my request of yesterday, will your client, Senator McDougald appear before the committee?

Mr. STARR: No, sir. Senator McDougald, on my advice, has decided not to attend the present committee of Parliament, and the following are the reasons:

1. No proof has been made of any of the matters that he has been charged with and therefore there is nothing before this committee that he can be called upon to controvert.

2. In Mr. Gardiner's speech of May 19, 1931, delivered in the House of Commons, he stated "that the people of Canada to-day are asking if that statement made by Senator McDougald is true. If it is not true, then Senator McDougald deliberately deceived the Senate and the people of Canada". The statement referred to by Mr. Gardiner as having been made was as follows: "I want to say here and say it with emphasis, that I do not own a dollar's worth of stock in this enterprise, and have no interest in or association with that company in any way, shape or form." The company referred to was the Beauharnois Light, Heat and Power Company.

3. An attempt has been made to prove that this statement was untrue by adducing evidence to the effect that Senator McDougald at the time of his making that statement was interested in the Sterling Company, a company incorporated to study the possibilities of power development in the Soulanges section of the St. Lawrence river and develop such power. Senator McDougald's statement was to the effect that he was not interested in the Beauharnois Light, Heat and Power Company, which is an entirely different matter from the development of power in the Soulanges section of the St. Lawrence river.

4. Further, after the application had been made to the department for the diversion of waters in 1924, the matter was left dormant and when Senator McDougald was asked by Mr. Henry to proceed further with the matter, he was told by Senator McDougald that in view of the latter's appointment to the National Advisory Committee he would not pursue his interest further at this time, and it was not until the late summer of 1928 that any deal was made by the Beauharnois Company for the purchase of the Sterling Company's assets under the terms of which Senator McDougald acquired interests in the Beauharnois Company. This, many months after his declaration in the Senate April 19, 1928.

5. As regards Senator McDougald's connection with the Beauharnois Company as a result of his acquisition in the name of J. P. Ebbs, of the interests of the late W. B. Sifton, this was not made until after his speech in the Senate, April 19, 1928 and equally cannot militate against the truth of his statement.

6. Evidence has been made in connection with the sale of the assets of the Sterling Company with the apparent purpose of showing that

Senator McDougald made undue profits in the matter to the detriment of the Beauharnois Company. Mr. Sweezey, on behalf of the Beauharnois Company, was the buyer and agreed to the price suggested by Mr. Henry for reasons which he considered good and sufficient and as a matter of fact Mr. Sweezey showed good judgment in purchasing such assets as he thereby acquired for his company (1) Mr. Henry's technical engineering knowledge and experience; (2) Senator McDougald's assistance as a person able to furnish capital when required and (3) particularly the removal of the obstacle that stood in the path of the Company by reason of the prior application of the Sterling Company for the diversion of waters, etc., which prior rights, had same been acquired by other inimical interests might have prevented his company from proceeding in the carrying out of his plans.

7. Anything in connection with the above does not reflect on Senator McDougald and for this reason I have advised him that there is nothing he is called upon to controvert. Senator McDougald invested large sums of money in the enterprise, and is one of the few who still holds all the shares he acquired in the company.

8. Senator McDougald's second reason for declining to appear before this committee is that one of his judges is both his accuser and judge which is contrary to the elementary principles of the administration of justice and he is satisfied that public opinion will support his refusal to appear before his accuser who is also sitting in judgment in the matter.

9. Senator McDougald's third reason for declining to appear before the committee is that neither this committee nor the House of Commons by which it was constituted, has any power or authority to investigate the conduct of a member of the Senate of Canada.

Mr. LENNOX: Have you advised that?

Mr. STARR: Yes.

Mr. LENNOX: Are you right? Because I find that the moment the Senate gives permission he becomes an ordinary witness.

Mr. STARR: I have to disagree with you. I won't argue it.

Senator McDougald authorizes me to make the following statement; that at the end of May, 1928, W. B. Sifton came to Senator McDougald and urged him to purchase his interest in the Beauharnois Syndicate held in the name of L. Clare Moyer, giving as his reason, ill-health and the fear that he couldn't carry on his activities in the Beauharnois Company much longer. He asked Senator McDougald to buy out his whole interests in the Syndicate held by Moyer offering the same at the price he had paid for them. The Senator accepted the offer and refunded to Mr. Sifton the amount he had invested in the Syndicate.

The CHAIRMAN: Then, Mr. Starr, your client, Senator McDougald, I assume is availing himself of—I think it is—Senate Rule No. 94 which sets out, first, the practice to be pursued when a Senator's presence is deemed advisable before such a committee as this, and also sets out the right of the Senator when the Senate has given him permission to appear,—the right of the Senator to refuse to attend and give evidence.

Mr. STARR: I have so advised him that he need not give evidence.

The CHAIRMAN: Well, I may say—and I would like the committee to adjourn so that I can have an opportunity to think this matter over—and I just offer



this as a suggestion—that if this committee—because Parliament may prorogue any time—is not cloaked with authority to procure this evidence then, and I am only speaking for myself. I will submit to the earliest consideration of the committee, that a Royal Commission may procure what this committee may not be able to procure. I leave that with you, Mr. Starr. We may have occasion to see your client further. And if the committee would indulge with me a little, I have some very pressing work to do this afternoon. The evidence is obviously drawing to a close, and if you can indulge with me to adjourning till to-morrow, I will be very grateful.

Hon. Mr. MACKENZIE: When do you expect to conclude, Mr. Chairman?

The CHAIRMAN: I think a day will conclude the evidence.

Hon. Mr. MACKENZIE: I have to be away by Saturday and I want to make my plans accordingly.

The CHAIRMAN: The committee may feel that they can get on without me being here, I do not think I am indispensable by any means, although I would not like to miss a session of the committee because of losing the continuity of things, to some extent.

Mr. STEWART: May I ask, Mr. White, if you are going to carry out the suggestion made by Colonel Lennox yesterday, that we get the information from the executors of the late Mr. Sifton, or from the will, or from the court.

Mr. WHITE: I was just going to speak about that, General Stewart, that is, whether the committee would consider that the executors, or one of the executors at least, of Mr. Sifton's estate be asked to appear and give evidence as to whether any payment was made for those shares. There is the statement now before the committee, for what it is worth, covered in the sense by a statement of counsel as to what took place, and that the acquisition was by purchase.

Mr. LENNOX: I was more interested in finding out whether it was part of his estate.

Mr. WHITE: Well, that is not as I understand it, that is, the substance of the statement which my learned friend Mr. Starr has made. I understand that the effect of that statement is that before Mr. Sifton's death he had sold and received a consideration for these shares.

Hon. Mr. MACKENZIE: We cannot accept that statement as evidence.

Mr. WHITE: I was going to say that it is very objectionable to take advantage of the rule which prevents the attendance, or which permits a Senator to refuse to attend here and at the same time attempt to give evidence which is not under oath. I do not know exactly how soon I can have the evidence. I could perhaps despatch someone from here to Brockville this afternoon, or to-morrow, and have someone search the files there to see who the executor is, if probate has been granted of any will or letter of administration in the county of Leeds, and then have that person interviewed and ordered to produce Mr. Sifton's books to see whether there is any credit in respect to this transaction, or whether any money actually was paid.

Mr. JACOBS: You could telephone first, Mr. White.

Mr. WHITE: I do not know who to telephone to, that is the trouble. Perhaps I could telephone some Brockville lawyer to go and make a search.

The CHAIRMAN: I think it is better to telephone some lawyer in Brockville to go and look up the schedule. Possibly he can tell you within an hour or so.

Mr. WHITE: I shall do that immediately, sir. Mr. Symmes will make a statement in regard to his telephone message to Doctor Argue.

Mr. SYMMES: I telephoned to Doctor Argue, Mr. Chairman, and told him that it was your wish to ascertain whether, in his opinion, Senator Haydon was fit to be examined at his home. He advised me substantially as follows: I do not think so. I tried to state that in my certificate. He should have no physical or mental strain either at home or anywhere else.

The CHAIRMAN: Then we will adjourn until to-morrow morning at 11 o'clock.

The Committee adjourned at 1.15 p.m., Wednesday, July 15, 1931, to resume on Thursday, July 16, 1931, at 11 a.m.

HOUSE OF COMMONS, ROOM 368,

THURSDAY, JULY 16, 1931

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: You will remember, Mr. Chairman, that I was directed to make enquiry as to probate of the will of Mr. Clifford Winfield B. Sifton, and I have a certified copy of the affidavit filed in the Surrogate Court office of the United Counties of Leeds and Grenville, leading to the granting of probate of Mr. Sifton's will, and connected therewith the affidavit filed under the succession Duty Act; and I find that the bulk of Mr. Sifton's estate consisted of shares in Armadale Corporation, Limited, on which a valuation is placed, and in connection with which I think I ought to say that in another matter it has come to my attention, it is a corporation in which a very large portion of the Sifton interests have been transferred, and it has been in existence for some time.

In addition to that, there are other assets, household goods and furniture, pictures, etc., farm implements, horses, horn cattle, clothing and personal effects. In other words, it does not disclose any interest in Beauharnois.

Mr. MACKENZIE: There is nothing there from McDougald?

The CHAIRMAN: If it goes in as an Exhibit, it will be Exhibit 105.

(Document filed and marked Exhibit 105).

Mr. WHITE: Then, there are various other things, according to the memorandum, which Mr. Gardiner and the committee asked about, and which I submitted to some of the members of the committee yesterday, and which some of them thought were pertinent; and perhaps Mr. Griffith, if he is here, or some other officer, will be able to furnish us with a list of the shareholders of the Beauharnois Power Corporation. Is that immediately available?

Mr. GRIFFITH: I believe there is a list at the hotel. I had one prepared, as of June 1st, I think it was, immediately on the receipt of notice that it would be required.

Mr. WHITE: Yes, I remember you showing it to me, or intimating that you had it.

Mr. GRIFFITH: Yes.

Mr. WHITE: I wonder if you would send for it.

Mr. GRIFFITH: I will send for it now.

Mr. WHITE: The second request is the exact date of the beginning of the excavating of the canal with banks about 3,300 feet apart. I think perhaps, Mr. Henry will be able to tell us that, will you Mr. Henry.



Mr. HENRY: I shall make enquiry, and perhaps will be able to tell you in half an hour.

Mr. WHITE: Perhaps you can inform yourself of the exact date of the subscription of the Credit Generale du Canada. There is some discrepancy there. The entry in the share register was as Mr. Griffith told us some time after the actual subscription which had been in—

Mr. GRIFFITH: April 1, 1927.

Mr. WHITE: That is the exact date? That covers it Mr. Gardiner, does it not?

Mr. GARDINER: Then, on page 643 of the evidence, Mr. Sweezey giving evidence, was cross examined by Mr. Morin, and states in his reply that an application was made for shares by the Credit Generale du Canada dated the 26th March, 1928. That is at the top of the page. Then, we come down to the bottom of the page, and Mr. Griffith is called in and examined in regard to the same question, and he says, "Oh yes, I can give as a definite fact, that the Credit Generale du Canada cheque reached us sometime in 1927." Apparently then, the cheque reached the company before the application. It was probably a mistake in dates, but it is just as well to have the record clear.

Mr. WHITE: I understand that the later date referred to is the date of the entry referred to in the registry and that the date was not written up until some time after the subscription.

Mr. GRIFFITH: That is correct.

Mr. WHITE: That accounts for the discrepancy.

Mr. GARDINER: That is all right then.

Mr. WHITE: And then Mr. Gardiner desires also to know—and perhaps Mr. Griffith could tell us this—were the 800 units in the name of Credit Generale du Canada ever transferred to Mr. Jones, that is, Mr. F. P. Jones.

Mr. GRIFFITH: I understand that by the 800 units in the name of Credit General you refer to the 1,600 units which stood in their name in the second Syndicate. I will just consult my book now and see. There is no such entry on the registry.

Mr. WHITE: Is that an unequivocal answer?

Mr. GRIFFITH: No. I should make it clear that the part-interests registered in the name of Credit Generale were sold to Mr. R. O. Sweezey at the same time that Mr. Jones sold his part-interests. But there was no transfer of the Credit Generale interests to Mr. Jones.

Mr. WHITE: Transferred directly to Mr. Sweezey.

Mr. GRIFFITH: Transferred directly to Mr. Sweezey.

Mr. WHITE: Although a sale had been made such as you indicate.

Mr. GRIFFITH: Through the intermediary of Mr. Jones.

Mr. WHITE: Is that satisfactory, Mr. Gardiner?

Mr. GARDINER: That is satisfactory, Mr. White.

Mr. WHITE: Then, Mr. Chairman, you will recall that yesterday I was asked to have an interview with Mr. Cantin with the idea of forming some opinion as to whether the evidence which he suggested he might offer would be of interest to the committee, and I met him yesterday afternoon and had a long interview with him and his son and his counsel, and I have to report that inasmuch as certain statements were made in the evidence of Mr. Sweezey which perhaps more by their tone than the actual words might be construed as reflecting on the credit of Mr. Cantin, that I suggest to the committee that it would be proper if he were allowed to appear and to make a statement in regard to what Mr. Sweezey said in that respect.

Hon. Mr. MACKENZIE: Just on that one point.

Mr. WHITE: There may be other things that he may want to clear up, but I have asked him to avoid dealing with matters which are purely the subject of a lawsuit between the Power and Transportation Corporation and the Beauharnois interests.

Just before we come to that, Mr. Griffith I understand, Mr. Chairman, was to let me have the exact date upon which the firm of McGiverin, Haydon & Ebbs were retained by the Beauharnois Syndicate.

Mr. GRIFFITH: To the best of my knowledge that would be the date on which they received their first payment. That can be ascertained from the exhibits. I will be glad to ascertain that.

Mr. WHITE: I suggest to you that that would not be the date of the retainer.

Mr. GRIFFITH: My recollection is that the cheque very shortly followed the arrangement. By how many days I cannot tell you.

Mr. WHITE: But there was an arrangement, Mr. Sweezey told us, by which a certain fee was to be paid.

Mr. GRIFFITH: I am not referring to the cheque for \$50,000. There was a smaller cheque at an earlier date.

Mr. WHITE: Mr. Symmes informs me that is the 3rd October, 1928.

Mr. GRIFFITH: Well, I would say that is the date.

NARCISSE M. CANTIN, called and sworn.

The WITNESS: I noticed by the newspaper, Mr. Chairman, that I was accused of borrowing money from Mr. Sweezey.

Mr. JACOBS: That is not an accusation.

Hon. Mr. MACKENZIE: I think everybody in Ottawa seems to have done the same thing.

The WITNESS: I wish to say that I never borrowed a penny from Mr. Sweezey.

*By Mr. White:*

Q. Did you ever ask him for any personal loan of any kind?—A. I never asked him for any personal money for myself.

Q. Never at any time?—A. No, nor from anybody else either.

*By Mr. Lennox:*

Q. He says you bothered him from day to day and week to week?—A. I have only been, Mr. Chairman, in all my lifetime ten times in his office. The first time I was there I was brought there by Mr. Bergevin, a personal friend of his.

Q. He said he had to write a letter to prevent you from coming to see him?—A. I never heard of that letter. But he wrote a letter to Mr. Bergevin soliciting Mr. Bergevin to bring me to his office with all the documents pertaining to engineering and legal matters, and at the request of Mr. Bergevin I did go to his office and delivered to him such papers as I thought would enlighten him as to the lawsuit against the Robert heirs in which he was very much interested.

*By Mr. White:*

Q. Was Mr. Sweezey an employee of your company at one time?—A. I beg your pardon, Mr. White.

Q. Was Mr. Sweezey an employee of your company at one time?—A. He was from the 4th day of April, 1925—

Q. Wait a minute, please, till I finish my question, an employee of your company, the Transportation & Power Corporation Ltd.?—A. From the 4th day of April, 1925—

Q. Until when?—A. As Chief Engineer.

Q. Until when?—A. Until he sent a letter saying that he did not wish to associate himself with the company. I forgot the date but I think it is December—I have it here some place—December, 1926.

Q. That is, for about a year and some months?—A. Well, he became the Chief Engineer in April, 1925, and then tried to pretend that he was retiring in December, 1926.

Q. I find by reference to page 637 of the evidence this statement is made at the top of the page:

*By the Chairman:*

Q. This was in 1923?—A. Probably 1925 or 1926. I am not sure about the date of that.

He is speaking about the Great Lakes, and so on. Perhaps I had better go back on the other page, so that we will get the continuity of it:

The further I got away from Montreal the more I realized the importance of the Montreal water powers—the St. Lawrence water powers as compared with the water powers in other parts of Canada. In 1913 I was instructed by Sir Max Aitken, now Lord Beaverbrook who was then president of the Royal Securities Corporation, to investigate the water power which we know as Beauharnois.

*By Mr. White:*

Q. When was that?—A. In 1913. And after a superficial examination followed subsequently by certain details, I came to the conclusion that this really was the water power of Canada which merited attention—far more than the water powers more distantly removed that I had been giving some attention to up to that time. I reported to Sir Max Aitken, who was then living in London, my findings in this case, and as I recall it, I had further investigated on the whole prospective idea of development. I followed this up with further investigation from time to time, but we were soon into a period when 1914 suggested the difficulties of the world war, and then water powers and their development were forgotten. A couple of times during the war this matter of Beauharnois recurred to me through other directions and other consultations, but because of the conditions at the time, I could not pursue them very far. After the war I maintained a sort of passing interest in it. I was living in Montreal; Beauharnois was close by; and I kept on observing the possibilities of this development. The interest I maintained was at that time reawakened more than at others because I heard of certain interests who were looking into it. Into 1920-21, Mr. E. A. Robert, who was then chairman of the Montreal Tramways, himself spoke to me as to the possibilities of developing this power, and coupling with him certain Boston and New England interests. I followed his interest in the matter, and he, at the same time, was interested, I understand, in the development of the Carillon power on the Ottawa. Later on Mr. Robert's negotiations with the New England people were completely abandoned because of some difficulty in the exportation of power from the province of Quebec to the United States. It then became a policy of the province of Quebec, I understand, not to export power to the United States in any form, except such power as was already under licence. After Mr. Robert's abandonment of the idea of development for export to New England, I heard nothing more of it for two or three years, except in a rather vague way, and what I occasionally had read in the papers.



One day Mr. Cantin who was the chief factotum of the transportation and power company, came in to see me—was introduced by another man, Mr. Bergevin.

You say that that interview was as the result of a letter which he wrote to Mr. Bergevin?—A. Yes, sir.

Q. Asking him to bring you to see him?—A. Yes, sir.

Q. And you have a copy of the letter?—A. Yes, sir. I have it here.

Mr. JACOBS: Mr. White, do you intend to contradict Mr. Sweezey, your own witness.

Mr. WHITE: He is not my witness.

Mr. LENNOX: There is no such thing as being his own witness.

Hon. Mr. MACKENZIE: Is this all going to the question of credibility?

Mr. LENNOX: This is an investigation. This is not a court. Mr. White is compelled to bring before this committee whatever witnesses he can. He does not collect the witnesses.

Mr. JACOBS: Mr. Sweezey was put on the stand by Mr. White.

The CHAIRMAN: Surely you are not suggesting that Mr. White is attacking Mr. Sweezey's credibility as his witness under the Evidence Act.

Mr. JACOBS: Not at all.

Mr. WHITE: I am merely giving Mr. Cantin an opportunity of repelling what appeared to be a personal attack upon him, and I think in doing so that anybody in any British court, or select committee, would be entitled to that privilege, surely.

Hon. Mr. MACKENZIE: I would fancy Mr. Cantin merely declares the statement made by Mr. Sweezey is not correct. Then there is the contradiction and that is the end of it.

Mr. WHITE: Well, I suppose if it becomes of any importance at all, from the standpoint of Mr. Cantin's character or reputation, that he would be entitled to bolster up his denial by any documents which he has in his possession.

Mr. LENNOX: To my mind that becomes important, because they did disagree, or I apprehend they are going to disagree.

Hon. Mr. MACKENZIE: They have done nothing else from the very start but disagree.

Mr. JACOBS: We are not going to take up the quarrel between Beauharnois Light, Heat and Power Company, and Transportation and Power, because if we were asked to do that we would be here for a year.

Mr. WHITE: I agree with you. It has taken them more than a year to resolve it and they have not got it fixed yet. Shall I proceed, Mr. Chairman.

The CHAIRMAN: Yes, go on.

*By Mr. White:*

Q. What is the date of that letter? Have you found it?—A. I wish to finish my remarks with regard to the borrowed money.

Q. I will come to that, if you will just follow me. I will proceed.

*By the Chairman:*

Q. Where is this letter? Why didn't you have it when you came here?—A. I was in New York and did not have time to procure it.

Q. If you felt aggrieved by anything that took place here you should have come prepared to give your evidence? (No answer).

Mr. WHITE: Then:

He informed me that the Transportation and Power and another company called the Great Lakes something or other, then owned the Robert rights. In my investigation of 1913, the Robert rights were the ones which I regarded as the basis upon which this whole development could take place; because I realized there were several factors. First, there was the physical one; second, some sort of legal position from which an operation could base its beginning; and third, there was the financial problem. Mr. Cantin, having informed me that they owned the water power in question, I immediately became interested and said, from the point of view of one in financial business—my house had had up to that time—Newman, Sweezey and Company—several undertakings in the pulp and paper business, and one or two other things—I was interested in producing good sound securities for sale, and I knew nothing better than water power securities, especially the water power in close proximity to Montreal, particularly as I knew something about Beauharnois and figured I had given it pretty ample study with a view to taking a hand in it sometime.

*By the Chairman:*

Q. This was in 1923?—A. Probably 1925 or 1926. I am not sure about the date of that. Later, as Mr. Cantin kept calling on me, I discovered that his idea was to sell me stock in his company. I always resisted that idea, saying I was interested in having the titles of the property, and I would be willing to make a proposal subject to his being able to deliver the title. I came in contact with Mr. Robert afterwards—and I am not sure just how and when I ascertained this fact—but I discovered that Mr. Cantin and his company did not in any way own control in this company; that they had had an option at one time, but the option was expired.

*By Mr. Morin:*

Q. But you had a law suit; they are suing you for \$10,000,000; it is pending before the Court?—A. Yes. I will come to that in a minute. They endeavoured to belittle this law suit, and they gave me a rather confused deal, and immediately I withdrew my interest in the matter. But Mr. Cantin continued to visit my office from time to time, and rather persistently, always with the desire to sell me stock, and at that time offering me stock as low as fifty cents a share, and at that time even desiring to borrow money from me.

*By Hon. Mr. Mackenzie:*

Q. Was that Cantin senior or junior?—A. Cantin senior.

*By the Chairman:*

Q. Was there a condition in the law suit about the Roberts?—A. The company was—the Transportation and Power or the Great Lakes—

Q. The substance would be specific performance in this expired option?—A. That is what I understood later.

*By Mr. Jacobs:*

Q. You said that Cantin attempted to borrow money from you. I fancy they were modest sums?—A. Oh, yes, personal. I think at one time he had an idea that the way to settle this problem was to issue a

bond issue of a million dollars on the property, get Newman, Sweezey and Company to buy the bonds with which he was to pay off the Roberts. I did not see the force of this argument, because that left Newman, Sweezey, to hold the bonds and nothing to pay the interest on the bonds. In seeing W. H. Robert, who is really the chief executor of the estate, from time to time, I ascertained—although told to the contrary by Mr. Cantin—that the law suit was not settled and they were going to fight it to the end, and the Roberts were very bitter against the Transportation and Power Company, and felt they were being hounded on something they had no right to be.

I have read far enough.

Q. Now, there are two branches of this evidence about which I think you are entitled to make a statement. The first is as to your attempt to borrow money. You have denied that?—A. I do deny it.

Q. And you wish to supplement your denial by offering some evidence?—A. If you will allow me, the first evidence I desire to give is that I am the man who originally dealt with Robert. I paid the first \$2,000 for the previous option. Here is Mr. Robert's receipt with a photostatic copy of the signatures; it is an option for three days only.

Q. What is the date of it?

Mr. LENNOX: October 14, 1921.

The WITNESS: And in another three days another \$3,000 in cash. I would never have bought out the Robert heirs or the Beauharnois Light, Heat and Power Company if Robert had not supplied me with the letter dated September 2, 1913, signed by Mr. R. O. Sweezey, which reads in part as follows:—

Briefly stated, the scheme is submitted by Mr. W. H. Robert, brother of Mr. A. E. Robert of the Montreal Tramways.

This Mr. W. H. Robert has formed a company with a provincial charter granting the rights to divert 40,000 cubic feet per second from the St. Lawrence River at the lower end of Lake St. Francis, via the South Shore of the St. Lawrence, through a canal eighteen miles long to Lake St. Louis.

I took it for granted, but found out since that it was false. I paid Robert \$10,000 in cash on the purchase price of the Beauharnois Light, Heat and Power Company as well as the property held by the Robert heirs in connection with the Beauharnois Light, Heat and Power Company, and I had one year's time in which to pay the balance of the purchase price.

*By Mr. White:*

Q. What year was that?—A. The 4th November, 1921; that is the date when the whole family signed it, the mother as well as the daughters.

Q. Please do not give us too much detail. Proceed.—A. Then the Roberts had to admit that they obtained my money by false representations, because they did not pay the 40,000 cubic second feet that they sold. I was paid \$500,000 because they represented that there was a contract between the Provincial Government and themselves.

Q. I would prefer, and I think the committee would prefer, that you do not get into any ground that is controvertial in this lawsuit.—A. Mr. Montgomery got this thing all mixed up with regard to our lawsuit, and he ought to know better because we supplied him with all the documents.

Q. You must forgive Mr. Montgomery. He is not very bright.—A. In the face of this document he must have forgotten something; I know he is a very bright man.



Q. One of the foremost lawyers in this country.—A. So far as my borrowing money is concerned, I can produce my bank books showing my daily deposits for every day that the bank has been opened since the year 1922, which do not amount to less than \$250 per day; and since Sweezey sent that letter on the 14th October, 1926, until the 1st January, 1927, my deposits have averaged over \$2,000 per day.

Mr. LENNOX: Did you say Sweezey loaned him money or that he tried to borrow it?

Mr. WHITE: He tried to borrow as low as 50 cents, I understand.

Hon. Mr. MACKENZIE: I think that was an interjection by Mr. Jacobs.

Mr. JACOBS: I said 50 cents a share.

*By Mr. White:*

Q. Were you endeavouring to sell him shares in your company?—A. I was not.

Q. Did you ever endeavour to sell him shares?—A. I never did.

*By Hon. Mr. Mackenzie:*

Q. What business are you in now?—A. I am the promoter of waterways since thirty-five years, being at it all the time, but not this kind of waterway. My developments go to 3,200,000 h.p. They are now junking the project at Cedars Rapid because the head is too low, and after a while they will junk this one too. I have a real waterway.

*By Mr. White:*

Q. On either of these two questions which are regarded by the committee as a matter of personal privilege, have you anything further to say?—A. Not unless you want to ask me some questions. I am satisfied to let the public know that I did not want to borrow 50 cents.

*By Hon. Mr. Mackenzie:*

Q. That was a mistake, I think?—A. I did not think this was the place for a joke. I myself remember the suggestion being made that a taxi-cab should have been hired instead of a lawyer when my son declared that he had hired a lawyer in Quebec and paid him \$126.25. Mr. Jacobs said: "Why didn't you hire a taxi-cab instead"?

Mr. JACOBS: I do not want to assume the responsibility for that statement. I think it was the chairman who suggested that.

The CHAIRMAN: Where does that remark appear in the evidence?

Mr. JACOBS: Do you remember the statement to the effect that nobody could get anything for \$126.25 in the Province of Quebec?

The CHAIRMAN: All I said was: "No wonder he didn't get the information."

*By Mr. White:*

Q. Are you satisfied that you have had an opportunity to make any explanation you desire?—A. Yes, I am satisfied.

*By Mr. Jacobs:*

Q. You said that when you saw Mr. Sweezey you never asked to borrow any money personally?—A. I did not.

Q. What do you mean by "personally"?—A. Not for myself.

Q. For whom?—A. Not for other people, either.

Q. What do you mean by "personally"?—A. I probably do not use quite as good English as you do.

Q. It is not a question of whether you do or not, but did you mean not on your own account or anybody else's?—A. Yes.

Q. Or for a company?—A. Or for a company. Mr. White, may I have the privilege of speaking about the file in the Public Works Department and the Department of Railways and Canals, and the plans of the Transportation and Power Company in 1924? They are filed here.

*By Mr. White:*

Q. Do you refer to the application immediately prior to the Beauharnois application?—A. Yes, and prior to the application of the Sterling.

Mr. LENNOX: Filed in June, 1924.

*By Mr. White:*

Q. I should think that is of importance?—A. Would you allow me to make a few remarks about it?

*By Mr. Jacobs:*

Q. How long are you likely to take?—A. If you do not interrupt me it will not take very long.

Mr. WHITE: Mr. Cantin desires an uninterrupted flow.

The CHAIRMAN: Go on, Mr. Cantin.

The WITNESS: In 1924 my services were retained to help supply plans and documents relating to the organization of a company under the name of the Confederation Canal and Power Company. Under Bill 58 the company was to be capitalized at \$500,000,000.

*By Mr. White:*

Q. At what year?—A. 1924. First meeting 14th of April, 1924; and in the month of May the Globe came out "kill this monstrous Bill", and every day the Globe and other papers had full editorials. Well, on the June following we filed these plans with this letter for the diversion of 110,000 cubic feet from Hungry Bay, Lake St. Francis, to Laprairie Basin. We had no acknowledgment from the Department of Public Works that they had received the file until the 5th day of September, 1924, and as yet never received an acknowledgment from the Railways and Canals Department, although it was filed on the same day—to the two ministers. In the meantime, we had the Canadian-British Corporation trying to deal with us and we received a letter from Mr. Watt, Toronto office, advising us that application had been made to Parliament by other influential people, and I think this letter should be on file. It is worth while reading.

Q. Is it a long letter?—A. No, a short letter. Now, in the meantime, when all these advertisements came out in the paper—all this propaganda criticizing the \$500,000,000 Bill—Mr. Bergevin was coming over to see me to bring me to Mr. Henry as Mr. McDougald's representative. I have been in Mr. Henry's office many times with Mr. Bergevin, carrying to Mr. Henry all the documents, maps and plans in connection with this waterway. It looked so good, it was so enticing that shortly afterwards this Sterling company filed plans, and from that on we could make no progress.

*By the Chairman:*

Q. When did they file plans?—A. July 5. My memory is not good for dates.

Q. I do not want to do a seeming injustice to anyone, but you say "Mr. Henry, Mr. McDougald's representative"; how do you know that?—A. Mr. Bergevin brought me to Mr. Henry as Mr. McDougald's representative on many occasions.

Q. That is only what Mr. Bergevin says?—A. The Hon. Achille Bergevin is the man who introduced me to the Robert heirs who sold me the Beauharnois Company, and Mr. Bergevin introduced me to Mr. Sweezey and Mr. Henry.

Mr. LENNOX: Did you have any particular connection with Senator McDougald?—A. Never saw him. I do not know Senator McDougald, and I do not know any of those people who spoke about the probe in the House of Commons. I do not know Mr. Gardiner by sight.

Mr. WHITE: Stand up, Mr. Gardiner.

The WITNESS: I congratulate you for your nerve.

*By Mr. White:*

Q. Is there anything else, Mr. Cantin?—A. That is all. I could say much more, but that is all. You can read between the lines. That is all now.

*By Mr. Lennox:*

Q. You tell that in court?—A. I prefer to tell it in court.

ROBERT O. SWEZEY, recalled.

*By Mr. White:*

Q. You will recall during your evidence that a letter was filed—page 638 of the evidence—dated October 14, 1926, part of Exhibit 23, addressed by you to Mr. J. Alderic Raymond?—A. Yes.

Q. You recall the letter, do you?—A. Yes.

Q. And in that letter you make this statement:—

In connection with personnel of syndicate, I have in mind the individuals we should enlist with us, and although I have been in touch with the United States people showing a desire to join, I have hesitated to accept anyone definitely until certain that each and every one is persona grata to all others.

I have said nothing about the vision necessary to an appreciation of such a project from an economic point of view, nor have I touched upon the huge profits that may be expected, as these are matters that the ordinary business man can well picture for himself. I do not wish to minimize, however, the task that presents itself in rounding up and launching such a scheme. The actual raising of the money becomes easy, however, once the physical properties and rights have been gathered in.

In paragraph 3 of that letter, which appears a little ahead of that part I have just read, you make two suggestions, and the third one is this:—

Enlist with our syndicate two or three individuals, who in addition to providing some cash as their fair share, can assist us in getting our rights extended or enlarged so as to develop the entire available flow of the St. Lawrence at this point. As the whole situation is entirely within the Province of Quebec, our influence has to be exerted only in Canadian political circles—that is at Ottawa and at Quebec.

Then you say in connection with the personnel of the syndicate, "I have in mind the individuals we should enlist with us." Do you remember being asked about who these individuals were and saying that you could not recollect?—A. Yes.



Q. May I help your memory a bit on that point. Do you remember being examined for discovery in the case of the Power and Transportation Company?  
—A. Yes.

The CHAIRMAN: Identify the date of the examination, and the officer before whom that examination was taken.

Mr. WHITE: This is the 6th of October, 1930, and the document which I have chosen was—

*By Mr. White:*

Q. Before whom did this take place, Mr. Sweezy?—A. I think it was in Montreal, but I do not know especially before whom.

Q. Were you asked these questions upon that occasion, and did you make these answers? Referring to this particular letter—I need not go back; I will ask you to take my word for it; it was in reference to Exhibit 23—this question:

Q. I read from Exhibit 23: Enlist with our syndicate two or three individuals who in addition to providing some cash as their fair share can assist us in getting our rights extended or enlarged so as to develop the entire available flow of the St. Lawrence at this point.

Whom did you mean by those two or three individuals?—A. I do not remember, and it did not matter.

Q. Did you make that answer?—A. Did I make that answer?

Q. Yes?—A. If it is written there I presume that I did:—

Q. Reading further from the same exhibit: In connection with the personnel of syndicate, I have in mind the individuals we should enlist with us. Who were those men you had in mind and to whom you refer in this letter?—A. I was trying to figure that out the other day, and I do not remember who they were. As I recall now, I had in mind men of financial ability, men who knew the authorities in Ottawa, and at the same time who could put up their money. Just who those two or three were I do not recall precisely.

Do you remember making that answer to that question?—A. Well, I do not remember exactly the nature, but I take it that that written answer is the one I made.

Q. May I help you? Was Mr. Frank P. Jones to be one of them?—  
A. Frank Jones was one of them, but I considered him from the financial point of view and not for his political ability—I mean from the point of view of finance, not from the point of view of any authority he might have in Ottawa or Quebec.

Q. Did you make that answer to that question?—A. That coincides with my views anyway.

Q. He was one of the men you had in mind from the standpoint providing capital?—A. Yes. I also had in mind the Honourable Walter Mitchell.

Did you make that answer?—A. Yes.

Q. Senator McDougald was another, I believe?—A. No, I did not think at the time Senator McDougald was the right man.

Did you make that answer to that question?—A. I presume I did. I do not recall all the details of those inquiries, but I take this as correct.

Q. We will not quarrel about that:—

Q. You did, however, discuss this with him?—A. Some time previously, but his reaction was not as good as I had hoped.

Did you make that answer?—A. Yes.

Q. He was not one of the men?—A. He was not the one included in that reference.

Q. Did you have anyone else in mind besides Honourable Mr. Mitchell and Mr. Frank P. Jones?—A. I had in mind that I might approach Senator Raymond, but at that time I had not yet met him.

Q. So, we may say Honourable Mr. Mitchell, Senator Raymond, and Mr. Frank P. Jones were the three men you had in mind?—A. Yes.

A. Yes.

Q. In your evidence at page 640, you said in the 4th question from the bottom of the page.

Q. So much so that you do not remember them?—A. I have difficulty in recalling them. I do know I had in mind at the time, and probably that is what Mr. Morin was referring to—I had in mind approaching, among others, Senator McDougald, but when I approached him he also backed away. I did not approach him—

Hon. Mr. MACKENZIE: It is the same thing as not reacting.

Mr. WHITE: That was a reaction, but it was in reverse English.

Mr. LENNOX: You ought to finish it, in fairness to Mr. Sweezey.

Mr. WHITE:

Very diligently, and I did not approach him myself; I got somebody else to do it, but he would not join me.

Now, in reference to that statement, I ask you if on your depositions in the case of Cantin against Sweezey you were asked these questions, and if you made these answers:

Will you deny having met him?

You were asked if you met one or two persons whose names I need not mention, and your answer was,

No. I may have met him.

Q. Senator W. L. McDougald?—A. Yes. I met him long after I had made the purchase.

Q. I am asking you if you met him before you made the purchase in connection with Beauharnois?—A. I had talks with him to get his views on it, but he had nothing to do with my purchase of it.

Q. Did you make that answer?—A. Yes.

Q. When did you first discuss the Beauharnois with him?—A. At the time Cantin was trying to sell me stock in his company, and I was trying to get from Senator McDougald his view as to what the difficulties would be in overcoming the political work to be done.

Q. Did you make that answer to that question?—A. Yes.

Q. You told me Cantin was in nearly every day?—A. Sometimes he would not be in for a few weeks.

Q. When did you first consult Senator McDougald?—A. It was a good many months prior to my making the deal with Robert—

A. Yes.

—probably in 1925 or 1926, or it might have been earlier. Probably about 1925 or 1926.

Q. Did you make that answer?—A. Yes.

Q. And, I suppose you consulted him more or less continuously from then on?—A. No. He was not very approachable. He was a good listener, but he would not tell me very much.

Q. Did you make that answer?—A. Yes.

Mr. WHITE: That is all, Mr. Sweezey, just now.

Witness retired.

Hon. Mr. MACKENZIE: I see in the examination Senator Raymond has been mentioned, may I ask if we have heard from him at all?

The CHAIRMAN: Yes. Senator Raymond saw me last evening and said he was ready to give evidence before the committee. He said he would be here this afternoon or at any other time the committee desires his presence.

Mr. WHITE: I see Mr. Jones is here, Mr. Chairman.

FRANK P. JONES, recalled.

Q. You are already sworn, Mr. Jones?—A. Yes, sir.

Q. When you gave your evidence here on the last occasion, you stated that the amount of profit that you had made out of the Beauharnois transaction was \$780,000, or thereabouts, \$790,000.

Hon. Mr. MACKENZIE: Between \$750,000 and \$800,000.

Mr. WHITE: What page is that on?

Hon. Mr. MACKENZIE: 382.

*By Mr. White:*

Q. Between \$750,000 and \$800,000. As a matter of fact, the actual figures and data that we had at that time showed that you had a profit of, according to your statement, \$790,000. I think Captain Mackenzie figured it out.—A. I think the exact figure, sir, is \$785,000; and then the exact profit—when I say profit, I mean the difference between what I paid and what I sold to Sweezey—

Q. You sold, as a matter of fact, to Sweezey, 3,200 units at \$550 per unit, did you not?—A. No, sir. The total amount I think was 6,900 shares. That 6,900 included what I owned, all the rest in my name and most of the proxies that were given me.

Q. You owned— —A. That is, I want to qualify that. It did not include all the proxies, because some people who gave me proxies, then, did not take the opportunity to sell.

Q. But, as a matter of fact, you were the owner, or appeared to be the owner in your own name of first your original subscription of 800 units which became 1,600 units?—A. Correct sir.

Q. In the second syndicate?—A. Yes, sir.

Q. And you also had purchased a further 1,600 units?—A. I think you will find, if you look over the record, the total number of shares that ever stood in my name was 4,050, but before the sale I transferred 550 to the owners.

Q. 550 to the owners?—A. Yes.

Q. That left you— —A. The most shares that I ever owned or had any real interest in was 1,600; although more stood in my name.

Q. I see. Who owned them?—A. I owned 1,600 absolutely.

Q. Who owned the others?—A. Various people.

Q. Who were they?—A. Who were they?

Q. Yes.—A. There was Walter Mitchell, W. S. Lee—

Q. How many did Walter Mitchell own?—A. The total, less 1,600.

Q. What is that?—A. I am speaking of the final 1,600.

Q. He owned 1,600?—A. Yes.

Q. At the time?—A. At the time they were sold.

*By Hon. Mr. Mackenzie:*

Q. The same amount as you did?—A. Absolutely. First it was 800, it was 400, and 400—

Mr. WHITE: Just a moment, Mr. Jones. Permit me to get this in some sort of continuity.



Q. You say the Hon. Walter Mitchell owned of the shares that stood in your name, 1,600?—A. He owned—I did not say that, no sir.

Q. At the time the sale was made to Sweezey?—A. No sir, that is not correct.

Q. Let us have it correctly, then?—A. Hon. Walter Mitchell, at the time of the sale by me to Sweezey, of the shares standing in my name, owned 1,100, 500 shares had been transferred to him before that time.

Q. It was out of the block of 1,600?—A. Quite correct, sir. I did not understand your question that way. I thought you said other shares standing in my name.

Q. I did say that—A. I beg your pardon, if I was wrong.

Q. We understand each other now?—A. Yes, I think so.

Q. In order that it may go down correctly, at the time of the sale by you to Sweezey at \$550 per unit, Hon. Walter Mitchell, of the shares then standing in your name, owned 1,100?—A. 1,100, that is correct.

Q. He also owned 500, which he had previously transferred to him by you?—A. I believe he did.

Q. And were the 1,100 shares standing in your name sold by you to Sweezey?—A. On his instructions.

Q. They were sold, as a matter of fact?—A. Did I understand you to say sold by me to Sweezey?

Q. Sold to Sweezey?—A. Yes, sir.

Q. At \$550 a share?—A. At \$550 a share.

Q. Had he purchased those at the same price at which you had?—A. Absolutely.

Q. So that his profit on the transaction would be proportionately the same as yours?—A. It would be, I think, almost identically the same, sir.

Q. Proportionately?—A. Yes.

Q. Do you, as a matter of fact, know whether he sold the 500 shares at that time to Sweezey at \$500 per share?—A. Yes, he did.

Q. So that his profit and yours would be the same?—A. The same.

Hon. Mr. MACKENZIE: That explains the evidence.

Mr. WHITE: Yes.

Q. That accounts for 3,200?—A. That accounts for 16 and 16 and 32.

Q. Not 16 and 16 and 32?—A. No, 16 and 16 making 32.

Q. It accounts for 3,200 shares?—A. Yes.

Q. You had 4,050?—A. Yes.

Q. And that leaves about 850?—A. That leaves 850.

Q. Who owns them?—A. W. S. Lee—no, I cannot say that, a company, but I think it was Mr. Lee owned 50—

Hon. Mr. MACKENZIE: Is he the engineer?—A. Yes.

*By Mr. White:*

Q. The engineer?—A. Yes.

Q. He was consulted in this matter?—A. They were transferred out of my name before the sale to Mr. Sweezey.

Q. Do you know to whom they were transferred?—A. Transferred to a company, I think. I cannot just at the moment recollect the name.

Q. That leaves 800?—A. That leaves 800. Now, the 800 I do not know to whom they belonged. They were purchased, originally 200, and afterwards became 800, by a legal firm for a client of theirs.

Q. Who is the legal firm?—A. Perron.

Q. Hon. J. L. Perron?—A. Yes. He was working for the Shawinigan company, and I had seen him a number of times, and naturally, as I said

before, he was generally antagonistic, although I think I showed him or had some effect on shaking his views, that this was the proper development. He asked me if I would get an interest for a client of his, and I got him 200 shares; and I said, "in whose name," and he said, "I will let you know." I said, "I have to know now," so he said, "put them in your name." So I put them in my name.

Q. Whose money paid for them?—A. His firm's money, or his, I cannot say which. At least, Perron's cheque, anyway.

Q. Was he at that time a member of the Government?—A. Yes, sir.

Q. And Mr. Mitchell was a former Provincial Treasurer?—A. Yes, but Mr. Mitchell—

Hon. Mr. CANNON: One moment. I do not think this committee has any jurisdiction to inquire into these things.

Mr. JACOBS: Perhaps you can give the committee some information as to when Mr. Mitchell went out of politics.

Hon. Mr. CANNON: I think Mr. Mitchell has been out of Provincial politics now for ten years.

The WITNESS: May I say, Mr. Mitchell not only had been out of Provincial politics, but out of Dominion, too, Provincial and Dominion.

Hon. Mr. CANNON: Mr. Mitchell has been out of Provincial politics for ten years.

The WITNESS: After Provincial, he went into Dominion and then, was out of Dominion at the time.

Mr. JACOBS: He was a member of this House for two years, and he resigned, as you know, because he could not agree with the Government of the day.

The WITNESS: That all took place before Mr. Mitchell joined me in this.

*By Hon. Mr. Cannon:*

Q. The Honourable Mr. Perron is now dead?—A. The Honourable Mr. Perron is now dead and the shares were not for the Honourable Mr. Perron, as far as I know.

*By Mr. Jacobs:*

Q. Do you say that the cheque was issued by Mr. Perron's firm or by the Shawinigan Company?—A. Not by the Shawinigan Company, no.

*By Mr. White:*

Q. Well, Mr. Jones—

Hon. Mr. CANNON: I would like to have a ruling, Mr. Chairman. I have made my objection but Mr. White keeps on putting his questions.

Mr. LENNOX: What is your objection?

Hon. Mr. CANNON: My objection is that this committee has absolutely no authority to inquire into anything in regard to the provincial Government of the province of Quebec.

The CHAIRMAN: We have not arrived at that point, Mr. Cannon. I wish you would amplify your reasons for the objection because at the moment we have not arrived anywhere near the provincial Government of the province of Quebec.

Hon. Mr. CANNON: Well, I may be wrong, Mr. Chairman, but I understood Mr. White to ask the witness if the honourable Mr. Perron was a member of the provincial Government.

Mr. LENNOX: There is nothing objectionable about that.

The CHAIRMAN: Surely there is nothing objectionable about that. I would consider it a very high honour if I were a member of the Provincial Government of Quebec.

Hon. Mr. CANNON: It is an honour, there is no doubt about that. But the question before the committee is not whether it is an honour to be a member of the Provincial Government of Quebec or not, but whether this committee will take upon itself to investigate, as a committee appointed by the Dominion House, matters which are relevant to the administration of the Government of the Province of Quebec.

Mr. LENNOX: Do you suggest that the question reaches that stage?

Hon. Mr. CANNON: No. As I said before, I do not see any reason to object to the question that has been actually put to the witness, but again—

Mr. LENNOX: You are just taking precautions.

Hon. Mr. CANNON: Not precautions. I think I have full faith in the Chairman as to that.

Mr. JACOBS: I hope you are not leaning on a broken reed.

*By Mr. White:*

Q. Then it is a fact that the Honourable Mr. Mitchell paid for his shares?—

A. Absolutely, the same price as I did.

Q. And it was his money and not yours that purchased the shares?—A. Those 1,600 part-interests.

Q. The part-interests?—A. I want to correct, sir, if I may the evidence I gave the other day, which may have been misleading. As a matter of fact, Mitchell and I were in together. As I told you we subscribed for 800 which then became 16.

Mr. LENNOX: You told us that to-day. You did not tell us that before.

Mr. WHITE: You could not remember before.

Mr. LENNOX: Let us see if we have got this thing right. Turn to page 373. Before reading the questions and the answers there, my recollection is that you stated that the 800 shares belonged to you absolutely, and for which you paid \$30,000 in cash.

Q. That is my recollection?—A. Well, I never intended to convey that impression.

Q. Did you mention, when you gave your evidence before, the name of Mitchell?—A. No, sir.

Q. No.

*By Mr. Jacobs:*

Q. Were you asked the question?—A. No, sir.

The CHAIRMAN: We will get the evidence.

*By Mr. Lennox:*

Q. Look at page 373:

The WITNESS: I remember distinctly I took 800 shares in the Syndicate; that was my portion.

Is that answer correct?—A. 800 which became 16.

Q. I will read it again?—A. Yes.

Q. "That was my portion." Is that correct?—A. Yes.

Q. So Mitchell was interested in this?—A. Mitchell owned a half-interest.

Q. They were not your portion then?—A. They were my portion. I subscribed for them in my name.



Q. Then:

*By Mr. Morin:*

Q. In this syndicate there were 5,000 shares?—A. Speaking from memory, 5,000 shares, in which I took 800.

Is that answer correct?—A. I think it is, sir.

Q. Then further down:

Q. You bought 800?—A. I bought 800.

Then down at the bottom of the page:—

How much did you pay for these 800?—A. I paid for that 800 shares—the syndicate required more money by that time—

The CHAIRMAN: I cannot hear you, Mr. Jones.

The WITNESS: I beg your pardon, sir. The syndicate required more money and it came along and I subscribed for another 800.

Is that answer correct?—A. Yes. Before we started, I asked the privilege of correcting. May I correct that while we are here?

Q. I am reading it to give you that opportunity?—A. Yes, thank you. What I want to correct is, that I did pay for these shares and issued my cheque, but Mitchell the minute I asked him gave me his.

Q. Let us see now.—A. What I stated the other day was, my total investment was \$195,000 plus—

*By Mr. White:*

Q. \$190,000 is what you said?—A. \$190,000, that is correct, sir, plus a liability to the bank of \$100,000. Now, that is not correct and I want to correct that because as I told you, Mr. Mitchell the minute I asked him paid me his full share. He paid me half of that sum, \$95,000.

*By Mr. White:*

Q. So that your profit would be increased by that amount.

Hon. Mr. MACKENZIE: His obligation was defecited by that amount.

The WITNESS: Would be decreased, certainly.

Q. Instead of putting up the \$190,000 personally I understand you put up half of that amount?—A. That is \$95,000 plus \$100,000 guaranteed to the bank, which Mitchell had nothing to do with.

Q. You gave the guarantee yourself?—A. That is correct.

*By Mr. Lennox:*

Q. Which you had not to pay?—A. No, but it was an investment just the same.

Q. Just let me follow this up. Then at the top of page 374 you say:

The WITNESS: I beg your pardon, sir. The syndicate required more money and it came along, and I subscribed for another 800.

A. Now, there is where I am not sure whether Mitchell paid me in advance or not. I think he did. So that the total subscription was 1,600 which appears in my name in the books.

*By Hon. Mr. Mackenzie:*

Q. So that in all your transactions except the \$100,000 Mitchell and you were in on a fifty-fifty basis all along, and all in your name?—A. Absolutely, sir. That is the story.

*By Mr. Lennox:*

Q. Then a little further down:

Mr. WHITE: No; he asked you what you paid for the 800 shares?—

A. I paid, from memory, I paid \$30,000.

A. That is the original 800.

Q. What reason was there for concealing the fact from the committee that the honourable Mr. Mitchell was associated with you in this deal?—A. I beg your pardon, sir.

Mr. JACOBS: I do not think Mr. Jones is trying to conceal anything from this committee.

The WITNESS: I never intended to conceal it. I thought what you wanted was the profit I made, and to the best of my ability I gave you that. I think perhaps I may have been out \$5,000, but it is correct now.

*By Mr. White:*

Q. \$95,000, according to your statement this morning?—A. Not at all.

Q. Well, that is how I figure it out?—A. I had eventually 1,600 shares. I had 400 shares which became 8, and I purchased another 800 which gave me 1,600 for my personal account.

Q. And the total you paid out was \$95,000?—A. If you take 16 which I sold to Mr. Sweezey at \$150 a share, that gives \$880,000 does it not, and I put in in cash myself, \$95,000.

Hon. Mr. MACKENZIE: That gave you \$785,000. The figures you gave us were \$790,000, that being the actual profit you made?—A. Exactly, sir.

Hon. Mr. MACKENZIE: That makes \$5,000 difference.

The WITNESS: Now, in addition to that—and if you will please excuse me—I took a liability of \$100,000 which was just the same as putting \$100,000 cash in.

*By Mr. Lennox:*

Q. No it was not, because you did not have to pay a cent of it?—A. If it had gone burst I would have had to pay the \$100,000. It was the result of my making a profit instead of a loss.

*By Hon. Mr. Mackenzie:*

Q. If the thing had gone badly you were personally liable for the \$100,000?—A. Absolutely.

*By Mr. Jacobs:*

Q. If you had kept it until to-day the profit would not have been quite as much?—A. No, it would not.

Mr. WHITE: Depending, I suppose, on what you might be able to induce Mr. Sweezey to pay for them.

The WITNESS: I think that, as a matter of fact, is not quite fair. I did not induce him to pay anything. I offered to buy or sell at a certain price.

*By Mr. White:*

Q. I appreciate that. If you were selling to-day and Mr. Sweezey were the buyer, I assume that you would sell to him for the best price that you could get?—A. Yes.

Q. So that it is a question, if you had the shares to-day you would induce Mr. Sweezey to pay for them?—A. My sale to Mr. Sweezey was not on the

basis of what I could induce him to pay. I made a price at which I was willing to sell or buy at. There is a difference between that and what I could induce him to pay. I just want to put it in that way, because I think I am entitled to that.

*By Mr. Lennox:*

Q. The fact remains, however, that Mr. Mitchell and you between you made over \$1,000,000,—\$1,700,000?—A. Of profit?

Q. Yes?—A. Yes, certainly.

*By Hon. Mr. Mackenzie:*

Q. \$1,575,000?—A. Yes, I think that is absolutely correct.

Hon. Mr. MACKENZIE: I wish we had been living in those days.

Mr. STEWART: We were.

The WITNESS: Well, I am sorry, sir, but there have been many things that did not turn out that way. When you take the risk of things—

*By Mr. Jacobs:*

Q. I suppose you could give us a list of the lame ducks if we asked for it?—A. Oh, yes.

*By Hon. Mr. Mackenzie:*

Q. It does not always come out this way?—A. It does not.

*By the Chairman:*

Q. Mr. Jones, I have read your evidence given before us the other day from beginning to end, and you now know that had you not been recalled this committee would have had firmly planted in their mind, from your evidence, the fact that you and you alone, and no one else interested with you, owned those first 800 shares?—A. I do not think that is quite right, Mr. Gordon, because I think I told you—and certainly I meant to—the profit I made on that. First of all, I said I owned 800 shares which became 16, and the books showed that I had those shares, and I told you at that time that I had made a profit of \$780,000—

Q. It was so evident the other day. The questions were put to you with respect to your subscription and your payment for the 800?—A. Yes, sir.

Q. And your answers were clear and unequivocal not capable of being misinterpreted or misunderstood, and your answer was that when you applied for them you paid for them?—A. I did.

Mr. LENNOX: By money.

*By the Chairman:*

Q. And it was your money?—A. No. If you will turn to page —, I just forget the number, you asked me, did I apply for 800? I told you I subscribed for a further 800. That was where I may have been mistaken. It should have been 16. The first 800 I subscribed for—

Q. The first 800 you subscribed for were between yourself and the honourable Walter Mitchell?—A. I paid for that 800 and then sold half the interest, absolutely.

Mr. LENNOX: That is putting it in a different way altogether.

The WITNESS: I am very very sorry if I did not make myself clear. The first 800 were paid for by F. B. Jones.

*By Mr. Lennox:*

Q. Was Mitchell aware of the fact that you were going to purchase those 800 shares when you purchased them?—A. Absolutely no.



*By the Chairman:*

Q. It was arranged between you and Mitchell, was it, that you would subscribe for 800 part-interests to be paid for by yourself but that he was to be equally interested with you and he would pay you just half?—A. I do not think that was the arrangement. I think the arrangement was that Mitchell could have up to a half. Mitchell always gave me anything I asked him for. Now, those 800 became 1,600, sir. Then we had the right to subscribe, and I did make another slip there. I had the right to subscribe for another 16, and I think you will see I said I subscribed for 800. Now, that is a slip of the tongue, because I did not. I subscribed for 1,600. But I had in my mind my personal profit. Of course, of the 1,600 half were for me and half for Mitchell, and that is where that slip came in. But the whole thing comes out practically as I said.

HON. MR. MACKENZIE: We have the facts now, but we got them through our own diligence.

The WITNESS: I do not think I was asked the question.

HON. MR. MACKENZIE: I quite agree that you were not.

*By Mr. White:*

Q. Still, you allowed us to understand that this was your personal property, and that there was nobody else interested in it?—A. I never intended that.

Q. What would be the intention of any man who answered questions in that way? Let me read to you from page 382 of the proceedings:—

*By the Chairman:*

Q. How much did you get?—A. I got—

Q. How much was the total sale price for your units?—A. Oh, somewhere around about \$1,000,000.

Q. The reason I ask you that is it has been rumoured around quite a bit as to the millions you got?—A. Well, that helps my credit, sir. The total amount paid if I remember, speaking again from memory, for mine and the people who gave me proxies amounted to over \$3,000,000. Now, that statement was not correct?—A. I do not want to withdraw that statement.

Q. I am pointing out to you wherein it was incorrect, because you now say that those shares were not yours and that half of them belonged to Mr. Mitchell?—A. I do not think I said that.

Q. I have read to you what he said?—A. Did not I tell you what my profit was?

Q. Yes, but Mr. Griffith comes along and says that the books show an entirely different state of affairs, and it is only then that we find out, by bringing you here to-day and asking you these questions, that Mitchell was interested along with you?—A. You did not ask me that.

Q. How did I know who was interested with you?—A. I do not know. What I understood you wanted to get at, and what I tried to give you to the best of my knowledge and belief—and I am very sorry if I did not do it properly—was the total profit made by F. P. Jones.

Q. I think it is to be regretted very much that you were not more frank, having regard to your first name. (No answer).

*By Mr. Lennox:*

Q. Then:—

Q. And that cost you how much?—A. That cost me in actual cash \$190,000 and a liability of \$100,000.

Is that statement correct?—A. I ask permission to correct that, because it is a statement I should not have made.

Q. Then:—

Q. So you put \$190,000 plus the security?—A. I put up \$190,000 in cash and a security to the bank of \$100,000.

A. That is what I asked permission to correct. I have forgotten at the time that I was reimbursed as to half of that.

*By Mr. White:*

Q. You forgot a mere trifle of \$95,000? (No answer).

*By Mr. Lennox:*

Q. Is it not a fact that you did not want the committee to know that Mr. Mitchell had any interest in these shares?—A. No. I thought you would ask about anything you wanted to know, and I answered you to the best of my knowledge. You asked me who held these shares.

*By Mr. White:*

Q. I will quote the question again so as to get the continuity and enable the committee to recall what you did say:—

Q. The reason I ask you that is it has been rumoured around quite a bit as to the millions you got?—A. Well, that helps my credit, sir. The total amount paid if I remember, speaking again from memory, for mine and the people who gave me proxies amounted to over \$3,000,000.

I suggest to you that that statement was not in accordance with the facts, because you did not get \$3,000,000 for your shares, and those of the persons who gave you proxies. On the contrary, you got \$3,000,000 for shares which were owned by the Hon. Mr. Mitchell and yourself, you having no proxy from Mitchell at all?—A. Excuse me—

Q. Just a minute—No proxy being required because the shares stood in your name?—A. I am not able to debate this matter with you, but may I say that I told you the \$500,000 had been transferred to Mr. Mitchell before we sold, and Mr. Mitchell did give me a proxy.

*By Hon. Mr. Mackenzie:*

Q. He was there as the holder of \$500,000 as your undisclosed partner? (No Answer).

*By Mr. White:*

Q. With respect to the 1,100 shares you did not need any proxy?—A. I needed—

Q. I am talking about the proxy.—A. The 1,100 shares?

Q. Yes.—A. He gave me the proxy.

Q. I suggest to you that you tried to create the impression in the minds of the committee that this \$3,000,000 was received by you in respect to your own shares and in respect to the shares as to which you had proxies, because that is your own plain statement?—A. I think not.

MR. MONTGOMERY: What is the object of this discussion? We have the facts now.

HON. MR. MACKENZIE: Thanks to ourselves.

*By Mr. White:*

Q. Let me read to you what you said:—

Q. But individually your share was \$1,000,000?—A. I received about \$1,000,000 or \$1,075,000.

—A. Less the deduction. Do you expect me to carry all those figures in my head?

Q. I did expect, and I think the committee expected that you would be frank enough to tell us who your partner was in this transaction.—A. You never asked me.

Q. I did not know enough to ask you. As soon as I found out it did not take me long to ask you?—A. I answered your questions.

Q. Listen to this:—

Q. And that cost you how much?—A. That cost me in actual cash \$190,000 and a liability of \$100,000.

Now, that is not a fact?—A. I asked permission to correct that.

Q. Is it a fact?—A. Yes and no. I actually disbursed \$190,000, and was reimbursed and forgot to deduct the reimbursement.

Q. Then:—

Q. So you put up \$190,000 plus the security?—A. I put up \$190,000 in cash and a security to the bank of \$100,000?

A. Yes.

*By Hon. Mr. Mackenzie:*

Q. You still say that is correct?—A. I say it, with the limitation that I forgot that I was reimbursed for the \$95,000.

*By Mr. Lennox:*

Q. Speaking for myself as a member of the committee, the impression I got was that you had paid \$190,000 in cash and had gone security to the bank for another \$100,000, and that your total personal liability was \$290,000?—A. I am very sorry if I gave you that impression. What I wanted to tell you was that I did not intend to say that, because I was reimbursed. I looked at what I put up, but I forgot that I was reimbursed.

Mr. JACOBS: To my mind it does not make a particle of difference.

*By Sir Eugène Fiset:*

Q. In the amount you mentioned in your evidence did you include the amount that Mr. Mitchell had in his own name?—A. Yes.

Q. So you had proxies for \$500,000 plus 1,100 shares?—A. Yes.

Mr. WHITE: He had no proxy for the 1,100 shares.

The WITNESS: I will not say I had a proxy for 1,100 shares.

Mr. LENNOX: I think you should be fair to Mr. Jones in that regard.

Mr. WHITE: Oh, yes.

Q. Then let me read to you from page 384 of the proceedings:—

Q. Do you remember any of those who gave you proxies at that meeting, any of the individual share owners?—A. I cannot say, but the records will show that undoubtedly.

*By the Chairman:*

Q. You surely remember some of them, Mr. Jones?—A. I could remember some, but the trouble with that, sir, if I may say, is this, if you do not specify completely it is worse than no specification.

*By Mr. White:*

Q. Do not let that worry you, if you can tell us those who you remember, or some of those, we will be obliged?—A. Well, I really cannot tell you anything that will be sufficient without the records.



Q. Cannot you remember one?—A. Yes, I remember one.

Q. Let us have that one?—A. The Hon. George Murray's son gave me his proxy. I remember that because I remember the old gentleman talking it over with me.

Q. Anybody else?—A. Oh, yes, there were a lot of others.

Now, I am asking you if, when you made those answers, you had not present in your mind the fact that Mr. Mitchell had given you a proxy?—A. If I had, I could not tell you the amount.

Q. I am not asking you that. Tell the committee frankly if you remember on that occasion any other persons who had given you proxies? You told us to-day that Mr. Mitchell had given you a proxy for 500 shares?—A. And I did not know that until I went down again and found it out.

Q. You did not know?—A. No.

Q. But you knew all the time that Mr. Mitchell was equally interested with you in this venture?—A. Absolutely.

Sir EUGÈNE Fiset: Mr. Jones has mentioned who was interested in this matter. He was sincere to that extent, at least.

Mr. LENNOX: The records show that Mr. Mitchell was the owner of 500 shares on the 23rd May.

Hon. Mr. MACKENZIE: There was no complaint on that score.

Mr. LENNOX: The records do not help us without the explanation.

*By the Chairman:*

Q. Farther down on page 384 of the proceedings you were asked and answered the following question:—

Q. The only ones you took care of were those who trusted in you with their proxies?—A. Absolutely.

Q. You only remember one name?—A. Only that one particular name, and that is caused by having discussed it with a great personal friend of mine, and that is George Murray.

What do you say as to that?—A. I think that is absolutely correct, Mr. Chairman. I could not have told you the shares that Mitchell had got delivery of at that time.

*By Mr. Lennox:*

Q. You are only quibbling there. We are asking you if he had any interest in it?—A. I do not think it is fair to me to say I was quibbling. I was telling you of the shares I owned and the profit I made.

*By Mr. White:*

Q. Have you told us the whole story yet?—A. I think I made it clear. I hope I have made it clear that my entire interest was in 1,600 shares personally.

Q. Did you own those 1,600 shares personally?—A. Yes.

Q. I suggest to you that you held some shares for some other persons than whom you have told us?—A. I told you the other day there were shares in my name that did not belong to me, and I tell you that now.

Q. And I suggest to you that you did not personally make a profit of \$785,000?—A. I mentioned that before.

Q. But that there were others interested in that profit, whose names you have given us?—A. You are entirely wrong.

*By Hon. Mr. Mackenzie:*

Q. That is quite definite, at any rate?—A. I do not like the insinuation, and I resent it.

Mr. WHITE: I have a duty to perform before this committee.

Mr. JACOBS: Have you got all you want from the witness?

Mr. WHITE: I am going to ask him some more questions.

Q. I am again giving you the opportunity to state whether there were any other persons interested with you in this transaction than those whose names you have given to us?—A. Well, from to-day's experience I am sorry to say I will have to ask you to make your question more definite. Do you mean financially interested?

Q. Yes?—A. No, sir.

Mr. LENNOX: "Financially interested" does not mean anything. He may have given shares to somebody.

The WITNESS: I gave nobody any shares.

*By The Chairman:*

Q. Why the qualified answer? You say: "Do you mean financially interested"? And then you answered, "No, sir." Were they interested in any other way with you?—A. In the profit from those shares, no.

Q. In the project itself?—A. I cannot answer that question.

*By Mr. Lennox:*

Q. Why?—A. Why? Because undoubtedly all my friends were interested in that way.

Q. Naturally they would be sitting back, gratified at your success?—A. Not at all. May I state this to you: Frank P. Jones owned 1,600 shares for which he paid \$15,000 and \$80,000 of his own money, for which he took a liability of \$100,000. He sold those 1,600 shares at \$550 a share, selling them with the same right that everybody who gave him a proxy had the right to sell, and Frank P. Jones' profit on the difference between the sale price and the actual cash put in was \$785,000. I am not trying to hide anything. Nobody had any financial or any other interest in those shares. They were my own personal property.

*By Mr. White:*

Q. The late Dr. R. E. Webster of Ottawa—was he interested in it?—A. No.

Q. Not to the extent of \$1?—A. No. If you had asked me that two weeks ago, I would have said I thought he was, but he was not. I think I gave him the opportunity of taking some of mine if he wanted to do so—he was my brother-in-law—but he did not care to go into it. Possibly he thought it was not a good venture.

Q. We have now your unequivocal statement that no other person had any interest in this profit but Jones?—A. Yes; he got it all, nobody else got a cent.

Hon. Mr. MACKENZIE: That is the Scotch in him.

The WITNESS: I am sorry if I have misled you in any way.

*By the Chairman:*

Q. When you were here before, Mr. Jones, you could remember only the one proxy to George Murray's son?—A. For the amount—that is correct.

Q. And in addition to that, since you were here before your recollection has been refreshed, and you remember that the Hon. Walter Mitchell gave you a proxy for 500 shares?—A. Yes.

Q. During the interval between the time you were here before and to-day do you remember any other proxies?—A. I could give you a complete list now.

Q. I would like to have it?—A. I am very sorry if I gave you a wrong impression the other day; it was because I could not give it complete. I have got it in this shape, and probably I had better give it in this shape first.

The CHAIRMAN: Read it into the records.

WITNESS: I put in what I turned into the Bank of Commerce, delivered on demand:—

F. P. Jones.. . . .	400*
F. P. Jones.. . . .	1,100
W. Mitchell.. . . .	250
Credit General du Canada.. . . .	1,600
J. R. Lefebvre.. . . .	1,600
F. P. Jones.. . . .	2,000
Another order to the Bank of Commerce deposited..	250
Total.. . . .	7,250

\*Part-interests

In addition to that I had proxies from Clarke, Marlin and Company for three, John Statler 400, D. S. Cassels Company one, A. G. Parrish one, Fitzpatrick and Parrish two. In addition to that I had proxies for another 407 shares who did not desire to sell, so my total proxies were 7,657. Instead of 7,200, actually 6,900 were sold to Mr. Sweezey, because 650 of the Credit General did not go through and were kept.

*By Mr. White:*

Q. Did you know who the Credit General shares were held for?—A. Not at all; they did not go through. I did not know. I never asked and did not know.

Q. Do you now know?—A. I have an idea. I would not swear to it.

Q. What is your opinion?—A. I think they were owned by Senator Raymond.

*By Hon. Mr. Mackenzie:*

Q. Did not they go through?—A. No. Credit General—

I am not distinct whether he gave me the cheque. I think he gave it to me, because the amount Sweezey paid me, \$3,790,000—I want to make perfectly clear—the shares owned by Jones and shares with proxies, and shares in Jones' name—\$3,795,000 of which 1,600 is for F. P. Jones.

*By the Chairman:*

Q. And 1,600 for the Honourable Walter Mitchell?—A. I believe that is correct, sir: yes. 1,100 I deposited.

*By Hon. Mr. Mackenzie:*

Q. There were 500 on the books?—A. Yes, that is quite correct.

Q. I understand you to say that the Credit General shares were sold, except 350?—A. That is my belief—practically all but 350, purchased back.

*By Mr. Lennox:*

Q. I am puzzled about those 500 shares. Why would they be entered on the books?—A. Mitchell's?

Q. Yes. He owned 1,600?—A. Yes.

Q. Why were not the 1,600 entered in the books?—A. I don't know. I do know. I think for one reason why some of them were—I think he borrowed some money from the bank and put it up as collateral. I do not know that I surmised



that, because there were 250 which the Bank of Commerce turned over and paid for.

Q. That is not unusual.

Hon. Mr. MACKENZIE: No, not at all.

WITNESS: I cannot answer that. That is the best of my belief. Mr. Mitchell paid dollar for dollar for every share I paid.

The CHAIRMAN: Have you any other questions to ask Mr. Jones?

*By Mr. White:*

Q. Who got the cash and shares for the Perron part interests?—A. The Perron part interests? He got them—he did not get the shares, he got the cash.

Q. Did he sell at the time—at the same time you did?—A. Yes, sir. I telephoned and asked him whether he wanted to sell or not. He said he would let me know, and he said, “I will do whatever you do with yours.”

Q. You got the cash and sent your cheque to Mr. Perron?—A. Yes.

*By Mr. Jacobs:*

Q. Mr. Perron was your attorney?—A. Yes, and furthermore he was a director of the Shawinigan Company, and very much opposed to us. My original idea in going to him was that my conception of this thing was to be an operating company, and I went to Perron because I thought I could see where the Shawinigan Company and our company could make an arrangement which would be advantageous to both of us, and Perron was always antagonistic, fighting for Shawinigan. What I wanted was for Shawinigan to buy some power from us. I wanted Shawinigan to sell the distributing lines in Beauharnois and vicinity to us. I wanted Shawinigan then to take a block of the bonds and stock and help me finance them—in addition, between them, to purchase from Shawinigan—if it could be arranged—the Canada Power Transmission lines and their plant, provided we could get the water diverted from that low height through to our high height. That was my idea of the operating unit, and I discussed that with Perron over and over again, he was always fighting me.

Q. You thought it good business to have Mr. Perron as a shareholder of the company?—A. I do not think we had Mr. Perron as a shareholder.

Q. He was not a shareholder?—A. No sir.

Q. He bought those units?—A. He came to me and said would I sell some. His interests were entirely opposed to us.

*By the Chairman:*

Q. If that is the fact, Mr. Jones, can you give the committee any reason why Mr. Perron withdrew his opposition to your company?—A. I never knew he did.

Q. You succeeded in getting the charter from the Province of Quebec?—A. In spite of Mr. Perron.

*By Hon. Mr. Mackenzie:*

Q. Did the Shawinigan people oppose you in Quebec?—A. Oh, yes. I do not think we had a stronger opponent than Perron. I will say this—it may be flattering myself—but I do think that I weakened Perron's position in the fact that ours was the best plan. I think I got that into his head—nothing more. Not only that, but the shares of Perron's clients they paid more for than I paid for mine.

*By Mr. White:*

Q. How much did they pay?—A. \$50 a share.

*By the Chairman:*

Q. And you paid?—A. \$30.

*By Mr. Jacobs:*

Q. Mr. Perron was an old friend of yours?—A. I have known Perron and we have done business together and fought—

Q. He was a co-member of yours in the Canada Cement Company?—A. Yes sir.

The CHAIRMAN: The total amount that Mr. Sweezey paid you was \$3,785,000.

Mr. WHITE: \$3,795,000.

*By the Chairman:*

Q. Was that paid in one cheque?—A. No sir.

Q. How was that paid?—A. That was paid in various cheques. The agreement with Mr. Sweezey—speaking from memory this is substantially correct—was that he could take up shares and deposit first \$250,000 which he was to apply on the last lot taken up. Then any money paid in at \$550 he could pick up out of the bank.

Q. Over what period of time?—A. The period was short, I could not tell you, sir.

*By Mr. Lennox:*

Q. It is here?—A. It is there. I think probably two months or something like that.

*By the Chairman:*

Q. I assume that the certificates representing the shares were placed in some bank or trust company?—A. The Bank of Commerce.

Q. With instructions?—A. With instructions to deliver to Mr. Sweezey when he paid \$550 a share, or paid in full every time he took some—my margin of security was better.

Q. Were the shares that were placed in the Canadian Bank of Commerce all in one pool so that you would know how to make a pro rata distinction in case you failed?—A. As far as I am concerned, everybody who sold to Mr. Sweezey got \$550, no more or no less, and everybody alike.

Q. But supposing that Mr. Sweezey had paid a million dollars, and for that million he would be entitled to the appropriate amount—\$550 a share, and at the end of that period he failed to pay any more?—A. I did not distribute, sir.

Q. Had the time come when you would have had to distribute, before the total amount was paid?—A. It would be pro rata.

Q. Amongst you all?—A. If I put in 60 shares and Sweezey only took up 50, it would have been for 30 shares.

Q. And those were the kind and character of the instructions that were given to the Bank?—A. The instructions to the bank—all these things I deposited in the bank with certificates, with a letter that any time Mr. Sweezey paid \$550 in multiple they could deliver to him that number of shares.

Q. Out of the general pool of the shares?—A. Yes. Mr. Sweezey had paid to me \$250,000, but no part of that money applied except the last shares.

Q. That was a guarantee?—A. That was a guarantee.

Q. You and you alone made the arrangement with the Bank of Commerce?—A. Yes.

Q. The money then all went to your credit?—A. In the Bank of Commerce.

Q. And those associated with you depended on you to make the distribution whenever the time for distribution came?—A. Yes.

Q. And if Mr. Sweezey failed in the case of the purchase he would only be entitled to shares which would be paid for, and he would take them proportionately out of the various owners' shares according to their interest, that were deposited with the bank?—A. Not quite correct, sir. Suppose, for the sake of argument Mr. Sweezey had taken out half the shares and then failed, everybody would have sold half their shares, and there would have been deposited \$250,000 to be divided *pro rata*.

*By Mr. Lennox:*

Q. I see that they were issued in two lots, one for 1,400 on the 19th of August and the other for 2,000 on the 1st of October?—A. Yes. I do not quite follow that.

Q. To Mr. Sweezey?—A. He got more than that, sir.

Mr. GRIFFITH: Those are the ones transferred from Mr. Jones' own account.

The WITNESS: In my name; oh yes.

Committee adjourned to meet at 3 p.m.

## AFTERNOON SESSION

On resuming at 3 o'clock p.m.

Mr. WHITE: Is Mr. Dodd here? (No response).

I understand that the chairman gave Mr. Dodd permission to go to Montreal, and he is not likely to be back until 4 o'clock.

Is Senator Raymond here?

SENATOR RAYMOND: Yes.

Mr. JACOBS: Before you call Senator Raymond, I desire to make a statement to qualify something which I stated yesterday, which is to be found at page 754 of the Evidence. I said:—

...Mr. Montgomery, pardon me, this matter came before the Parliament of Canada, and there was a full debate upon it in the session of 1928 when the Order in Council (No. 422) was passed, and it was placed on the table of Parliament and fully discussed, and the intention of the Government, or the intention of Parliament in connection thereto was fully discussed.

I have looked up the debates for that day, and I find that an announcement was made by Hon. Mr. Elliott, who was at that time Minister of Public Works, mentioning the approval of the plans and site under the Navigable Waters Protection Act. A full statement is made by Mr. Elliott at page 785 of the Debates of March 8, 1929.

Hon. Mr. MACKENZIE: Is that the date the Order in Council was signed?

Mr. JACOBS: Yes. It was an announcement that the Governor in Council had signed the Order in Council on that date. It was brought into the House, but I was incorrect when I stated that there was a full debate. A few questions were asked by the Hon. Mr. Guthrie and Mr. Garland. I wish to have that correction made because I do not want to fall into the bad graces of Mr. White.

Mr. WHITE: That is very serious. I thought you said it was a "full-dress debate"?



Mr. JACOBS: Yes, and it was an undress debate.

Hon. Mr. MACKENZIE: The important point is that the statement was made by the Minister on the day that the Order in Council was signed.

Mr. JACOBS: There was no debate. On the day it was signed notice was given to Parliament of the signing of the Order in Council. Apparently at that time they did not consider it of sufficient importance to have a debate upon it.

Hon. Mr. MACKENZIE: I beg your pardon. Notice was given by Mr. Church of Toronto.

The CHAIRMAN: Mr. Jacobs said there was a full debate.

Mr. WHITE: A "full-dress debate."

The CHAIRMAN: The notes say: "... and there was a full debate upon it. . . ."

Mr. JACOBS: The "dress" was apparently eliminated.

Mr. WHITE: The word "dress" is quite insignificant in these days anyway, so it does not matter.

Call Senator Raymond. Mr. Morin will examine Senator Raymond, Mr. Chairman.

Senator DONAT RAYMOND, sworn.

Senator RAYMOND: Mr. Chairman, I would prefer to give my evidence in the French language, but in view of the fact that some of the members of the committee may not be familiar with French I will try to do the best I can in English.

The CHAIRMAN: Thank you.

Mr. WHITE: If there is any question about Senator Raymond's meaning, Mr. Morin could translate for us.

*By Mr. Morin:*

Q. You prefer, for the convenience of the members of the committee, to give your evidence in English?—A. Exactly.

Q. Could you give us the exact date of your subscription to the Beauharnois Syndicate?—A. I think it was in the beginning of April, 1927.

Q. The date we have here is the 1st April, 1927?—A. Yes.

Q. To whom did you give this subscription?—A. To the Credit General du Canada.

Q. At whose request?—A. I was spoken to, if I remember rightly, by Mr. Mitchell and Mr. Jones.

Q. The Hon. Mr. Mitchell and Mr. Jones?—A. Yes; and then I was asked if I would be prepared to go with them into this new venture. After consideration I said yes, and I was asked to see Mr. Griffith. I found out who was the secretary of the syndicate and I told him I was prepared to subscribe for an 800 part-interest in the syndicate at the time.

*By Mr. Lennox:*

Q. That is the first syndicate?—A. Yes.

*By Mr. Morin:*

Q. I understand that at that date the Hon. Mr. Mitchell and Mr. Jones were interested?—A. I presume so.

Q. They told you so?—A. Yes.

Q. Did they tell you the extent of their interest in this company?—A. No.

Q. Did they tell you who the other interested persons were, the other subscribers?—A. No.

Q. They must have mentioned to you the name of the Dominion Securities Corporation?—A. No.

Q. So the only parties who were interested were Sweezey, Jones and Mitchell?—A. I did not know about Sweezey then. They asked me if I would go in with them, and I said yes.

Q. Those are the only parties who were first mentioned to you as being connected with that deal—Jones and Mitchell?—A. Yes.

Q. Tell me the date of this meeting with Jones and Mitchell.—A. I presume it might have been a few days before I subscribed to the syndicate.

Q. And before this date you had no further knowledge of this scheme going on? Nobody had mentioned it to you?—A. No, I think I was away; I was not in Canada; I suppose I must have got that about the middle of March.

Q. Of what year?—A. 1927.

Q. In the winter of 1927 those persons had been interested before the Quebec Legislature in connection with an amendment to their charter. Do you know that?—A. Only through the newspapers; I was never spoken to about it.

Q. They did not mention to you that their demand had been rejected by the Legislature?—A. I did not make any inquiries; I knew something had taken place the year before I think.

Q. What did they tell you had taken place before the Quebec Legislature?—A. I did not go into any details.

Q. As a matter of fact, you know that in 1927 an amendment had been rejected by the Quebec Legislature?—A. I do not know that I was aware of the fact at the time, because, as I have mentioned, I was away in Florida; I spent the winter at Palm Beach, and got back about the middle of March.

Q. Did they tell you that they intended to go back to the Legislature during the next session in the winter of 1928?—A. Yes.

MR. CANNON: Mr. Chairman, I desire to have my objection to these questions noted.

THE CHAIRMAN: Very well.

*By Mr. Morin:*

Q. When they received your subscription they told you they would go back to the Quebec Legislature?—A. I do not know what procedure they followed. I was confident—

Q. They asked you to—

MR. LENNOX: Let the witness complete his answer.

*By Mr. Morin:*

Q. Yes?—A. I had confidence in Jones as a business man, and I had confidence in Mitchell and was very pleased to be associated with them.

Q. Was it understood that it was to be moved before the Quebec Legislature in the next winter?—A. I understood that they had some amendment to be dealt with by the Quebec Legislature, and they told me they would ask for it.

Q. And, as a matter of fact, they went back with you?—A. Not with me, because I never went to Quebec with them.

Q. You did subscribe for 800 units, and you paid how much?—A. For the 800 units I paid \$30,000.

Q. Of your own money?—A. My own money.

Q. Why didn't you put those units in your own name?—A. Because I have adopted the principle that I do not want to put my name to any new venture. I am willing to gamble with my money, but I do not want my friends to gamble

with my name, and for that reason I always do subscribe through a trust company or a broker's name in all new ventures.

Q. Is that your only reason?—A. That is the only reason.

Q. You did not inquire at the time if it was proper for a Senator to become interested in such a company, having such connections?—A. Not at all; and I did not feel that it had anything to do with it, because it was in Quebec and not in Ottawa.

Q. At that time you were also interested in the Transportation and Power Company?—A. Not in my name.

Q. Not in your name either?—A. No. If you refer to this company, I may state that I was brought a certificate in my name some years ago, and for the same reason I refused to accept it under my name, and said: "No; put it in a broker's name," and it is still in the same broker's name and was never in my name.

Q. You did subscribe?—A. Yes.

Q. Did you subscribe for yourself alone?—A. For myself alone.

Q. You had no partners?—A. No partner.

Q. No partners before or after?—A. None before or after.

Q. You never split your shares with anybody in the party?—A. "Anybody in the party"?

Q. Did any of these parties come in with you in this deal?—A. No.

Q. So it was quite personal to you?—A. Personal to me.

Q. They were not held in trust for anybody else in your name, those shares in the Credit General du Canada?—A. No.

Q. All these shares were bought with your own money?—A. Yes.

Q. And all the profits were yours?—A. Were mine.

Q. And now you say you did not go to Quebec about the amendment by the Quebec Legislature in 1928?—A. If I remember rightly I left Montreal on December 18, and spent the winter at Palm Beach, and I know that in 1928 I did not go to Quebec. From January to June, I mean.

*By Mr. Lennox:*

Q. 1927?—A. No, 1928; and I did not go in 1927 either.

*By Mr. Morin:*

Q. After this amendment was secured in Quebec you had to come to Ottawa? Your company made some representations to Ottawa about granting the diversion of water, during the Dunning regime?—A. So I understand.

Q. You knew all that was done about that?—A. I knew very little about it. My name did not appear as a party to the Beauharnois scheme, and I said as little about it as possible and never came purposely to either Quebec or Ottawa for that purpose.

Q. Have you ever interviewed any man of influence in Ottawa in connection with this application?—A. No, sir; not direct.

Q. I beg your pardon?—A. No, sir.

Q. You didn't mention it to any Minister?—A. If I did mention it, they did not know I was interested in it. I might have spoken about it, because the paper was full of it; but I never intimated that I had an interest in it.

Q. You never were syndicate manager?—A. I never was.

Q. Did you meet Senator McDougald in connection with this deal?—A. I do not think so, sir; I never knew he had anything to do with it.

Q. When did you first hear that Senator McDougald was interested?—A. I heard in 1929 that Senator McDougald had something to do with it, but it was only hearsay and I did not know anything about it; I had never been



to the company's office or to any directors' meeting; I was not a director; it is only hearsay; I was not positive about it.

Q. And you say you had nothing to do with this company except to subscribe and pay for those shares?—A. Yes, with my money.

Q. And you did nothing to push the deal?—A. I did not do anything.

Q. Now, I understand that you sold your shares with Mr. Jones?—A. Yes, sir.

Q. You had given your proxy to Mr. Jones?—A. Mr. Jones had spoken to me about the financing of it, and about what Mr. Swezey intended to do, and I shared with Mr. Jones his idea about the financing of the scheme, and I suppose he had a little misunderstanding and he asked me if I would go along with him, that the thing was going to come to a show-down and he would like to have my proxy in order to vote my shares or if it came to selling the shares, which we had discussed, he was willing to pay them \$550, to buy their part at \$550, or he would take his interest along with those sharing his piece at \$550, and I gave him my proxy.

Q. So that the sale by Jones of his shares and yours and the other person connected with him—how many shares did you have in the name of the Credit General du Canada?—A. 1,600.

Q. 1,600?—A. Yes, which were all for me, were my shares.

Q. Your first subscription was 800 in the first syndicate?—A. Yes, and in April, 1928, the old company, which, if I remember rightly, was called the Marquette Investment Corporation, sold to the Beauharnois Power Syndicate, giving the Beauharnois Power Syndicate two shares for one, which made 1,600 shares for me with the Credit General du Canada, which was my nominee.

*By Mr. White:*

Q. That is not quite correct. The first syndicate was the Beauharnois Syndicate, not the Marquette?—A. I was under the impression that it was Marquette.

Q. The Beauharnois Syndicate sold out to the Beauharnois Power Syndicate? (No answer.)

*By Mr. Morin:*

Q. But you then had the right to subscribe to the new shares in the Beauharnois Power Syndicate?—A. After that we were given the right, about the 20th or the middle of May, to subscribe \$100 a share for an equal amount, and I asked the Credit General du Canada to transfer their right to J. R. Lefebvre who was my nominee in the matter.

*By Mr. White:*

Q. Mr. Lefebvre had no personal interest?—A. None whatever.

Q. None besides being your own nominee?—A. None whatever; he was in my office at that time.

Q. So he subscribed to the second syndicate 1,600 shares for you?—A. Yes.

Q. And you paid for them?—A. Yes.

Q. And you got all the profit?—A. Yes.

Q. How much money did you have invested in this syndicate?—A. I had \$190,000.

Q. All paid by you?—A. Yes.

Q. Nobody interested except yourself?—A. Do you mean in my shares?

Q. Yes?—A. In my shares there was nobody interested but myself.

Q. And did you sell all your shares with Mr. Jones?—A. I sold all my shares with Mr. Jones; all those shares and proxies given to Mr. Jones were sold together.

Q. So you realized the same profits as Mr. Jones? (No answer.)

Mr. WHITE: Twice as much.

*By Mr. Morin:*

Q. Twice as much?—A. No. I want you to follow me, Mr. Morin.

Q. Yes?—A. Some time in July, although they appeared in my name, I sold some shares to somebody else at the same price that I paid.

Q. To whom?—A. To Mr. Simard of Montreal.

Q. Give us the whole history?—A. I am giving you the whole history. First they were in my name and sold for my account. If you were to ask me how much money I realized I would tell you how much money I realized.

Q. Please?—A. I think, as I mentioned, I said 2,000 shares of the amount that was left to me. In the proxy given to Mr. Jones, entirely under my name, every month or every two months, we were given an account. I think it was \$16,000 a month or two months. I don't remember. It was all the calls and when called I did not want to lose the identity of those shares and I gave the proxy to Mr. Jones for the 3,200. Now, out of that there were 2,000 that were not mine, that I had sold in the month of July, I think, to Mr. Simard.

*By the Chairman:*

Q. The whole 2,000 to Simard?—A. The whole 2,000 to Simard, making the total cost to me \$190,000, leaving me 1,200 shares which did not cost me a cent.

*By Mr. White:*

Q. Ten thousand to the good?—A. Plus 10,000, so my profit would be \$670,000. Now, that is not my exact profit. I should say that my profit is about \$476,950, because I re-subscribed in the Beauharnois for 351 shares at \$550 for which I gave my cheque for \$193,050. So I have made out of the deal \$476,950, plus an interest in 351 shares in the Beauharnois Syndicate.

*By the Chairman:*

Q. Which you still have?—A. Which I still have.

*By Mr. White:*

Q. In the Beauharnois Power Syndicate?—A. In the Beauharnois Power Syndicate. I don't know if those figures are exact but you could check them up.

The CHAIRMAN: Yes, I think that is right.

*By Mr. Morin:*

Q. Do you still hold those shares?—A. I still hold those shares in my name.

*By Hon. Mr. Mackenzie:*

Q. 351?—A. No. To date I think it is 14,040 shares of common stock which appear in my name.

*By the Chairman:*

Q. You subscribed for, in the Power Syndicate, 351 part-interests?—A. Exactly.

*By Mr. Morin:*

Q. When did you subscribe for those 351 shares in the Power Syndicate?—A. If I remember right, Mr. Jones had a proxy for about 6,900, and he had given the option to Mr. Sweezey to buy them. There were some shares that

came in after that, with Mr. Jones' plan of financing, which went in with the proxies to Mr. Jones. There were, I think, 351 shares over. I thought that I would like to be connected for sentiment sake in the Beauharnois Development as it is my native place. My father still lives there, and my brother represents the constituency, and I thought it was in the interests of the people of Beauharnois and the province of Quebec, and I felt that I would like to have my name connected with it, and I took those shares in my name.

*By Mr. Lennox:*

Q. What did you pay for those, Senator?—A. I paid \$550.

*By the Chairman:*

Q. That is, for 351?—A. I think it amounts to \$193,050.

*By Mr. Morin:*

Q. You do not remember the exact date of the subscription?—A. Which subscription?

Q. The 351.—A. I think it was October 1st or 2nd that I gave the proxy and deposited the shares to Mr. Jones, and the amount that Mr. Swezey paid out at the bank was paid out in instalments, and I do not remember whether it was in the latter part of the month, but it was during that transaction. Mr. Jones had deposited and as they paid a certain amount there were a certain amount of shares to be issued, and when it came to the latter part he said, "Well I know someone who would like to subscribe for 350, will you sell it to them instead of you taking them?" He said yes, and that is when I put my name, when I bought the 351 shares.

Q. Do you know from whom you got those shares?—A. Those shares?

Q. Yes.—A. They might have been my own for all I know. They were a part of the shares that had been deposited by Mr. Jones.

Q. You had no discussion about the origin of those 350 shares?—A. None whatever.

Q. According to the books, we have a note here that these shares came from Mr. Mitchell. Could you explain that?—A. Well, they might have come from anyone. They were in the pool. There were 6,900 plus 351 which makes 7,251, and they might have been anybody's shares. I did not know where they came from but they were all the same pool agreement, the amount of shares that were in the pool agreement deposited at the bank.

*By Mr. White:*

Q. Well then, in the result, with regard to those particular shares what you bought were part-interests in the Syndicate. You received \$550 for yours?—A. And I paid back \$550.

Q. And you paid back \$550, so that the net result was 40 shares per unit?—A. Exactly.

The CHAIRMAN: And there was some cash accompanying—

Mr. WHITE: The \$550 that he paid balanced off the other. Did not you get \$150 a share in addition in cash.

*By the Chairman*

Q. When the shares were transferred into Beauharnois Power Corporation shares?—A. I must have forgotten that. That is one thing that just slipped me. I know that I have 14,040 shares of common shares now, preferred stock—

Q. 550 times 150?—A. 40 times 351, because was it not 40 shares for each unit? And as I had bought 351 it must be 40 times which comes to 14,040 shares. Now, no doubt I received the same as the others.



Q. \$150 per unit?—A. I omitted the \$150. I do not know whether it was preferred stock or not. But if my memory serves me right it is \$150. I am sorry I did not think of the other.

Q. Would that have to be added to the profit which you told us you made?.. —A. Naturally it would be. As I mentioned before that my profit would be \$476,950 plus the 350 units. Is not that what I said there?

*By Mr. White:*

Q. A total of \$529,600.

The CHAIRMAN: 351 multiplied by 150.

The WITNESS: Yes.

*By the Chairman:*

Q. And adding that to the \$476,950 gives the total cash profit, and in addition to that the Senator holds 14,040 shares of the common stock?—A. Exactly.

*By Mr. White:*

Q. And you still hold all of those shares?—A. I do.

Q. You became interested, you told us, in 1927?—A. In 1927.

Q. And I suppose having invested \$30,000 in the first instance you were interested to know how your investment was coming along, naturally?—A. Pardon me, the first investment was \$15,000.

Q. No, 800 shares did you not get?—A. Yes, for which I paid \$15,000.

Q. Yes, but you agreed to pay \$30,000.—A. Yes, I agreed to pay \$30,000.

Q. And your agreement was good, I understand?—A. Exactly.

Q. So that, as I say, you were interested to the extent of \$30,000?—A. Yes, sir.

Q. And I suppose from time to time you were interested in knowing how your investment was coming along?—A. Yes, sir.

Q. And to whom did you go for information as to what was doing in connection with the syndicate?—A. My information generally came from Mr. Griffith as the Secretary.

Q. I see, and I suppose he told you that there was a very considerable opposition to the scheme. If I remember right, they had to go back to Quebec in 1928?—A. Yes, they had to go back to Quebec in 1928.

Q. Yes, and we were told here by Mr. Sweezey that there were enemies on all sides, and that a very bitter fight was put up both in Quebec and here in Ottawa, and I am asking you, not in respect to Quebec because that is in another province, but if you knew that there was considerable opposition here in Ottawa?—A. I did.

Q. And at that time,—I take it you had in the meantime invested some more money, to the total extent of \$190,000, as you have told us, so that you had a very considerable interest in this project?—A. Yes, sir.

Q. And you were in Ottawa from time to time?—A. During the session.

Q. Yes, and other times I suppose?—A. No.

Q. Never here except during the session?—A. I am never here except during the session.

Q. I suppose it would only be fair to say that you were on friendly terms with members of the Cabinet?—A. I have no doubt that I was. I hope so.

Hon. Mr. MACKENZIE: No crime in that, Mr. White.

Mr. WHITE: No, it is a virtue.

Mr. JACOBS: He was so friendly that he was able to pull down a senatorship.

*SPECIAL COMMITTEE*

Mr. WHITE: Well, I should think that was fairly obvious.

Hon. Mr. MACKENZIE: If it is obvious, it is not necessary to comment on it.

Mr. WHITE: I said, I think, fairly obvious.

Hon. Mr. MACKENZIE: I think it is completely obvious.

*By Mr. White:*

Q. Then are we to understand you to say, that having this interest in this project and knowing that there was a very strong opposition, and a big fight being put up, you never turned a hand to help it at all?—A. I do not know if there was anything in my power to do towards helping it.

Q. Well, you could help?—A. I thought the only help that I could give was to put my money in.

Q. But you were in danger of losing your money if approval was not got of the plans?—A. That may be the reason why I sold 2,000 shares.

Q. Well, was it?—A. It might be the reason. I felt—

Q. It really was not the reason though, was it?—A. I beg your pardon, that is it exactly, just what you say, that there was so much objection to it, in which I took no part one way or the other, and once I got the offer, someone wanted to be interested, I was very glad to liquidate the amount of shares that I did.

Q. You made a mistake, did you not?—A. It is not the first one I have made. I wish I could unload on some other schemes that I am in on.

Q. If you could only have sold something else instead of those. However, are you fairly telling us that although you had this interest in this project, of which you have told us, and knowing that there was a very great opposition to it, and a big fight here in Ottawa, that you never gave a hand at all in any shape or form, or saw no Cabinet Ministers, or no Member of Parliament, or any person of influence to help out on the project, is that it?—A. As I told you before I have never gone there while legislation was on in 1928 or 1929, that is, as far as Quebec is concerned. I came to Ottawa because my duties called me here.

*By Hon. Mr. Mackenzie:*

Q. When did you come to Ottawa? Do you remember when the session started?—A. I came to Ottawa in 1928 and 1929. I spent the winter in Palm Beach.

Q. When did the session start, the session of 1929, do you recall from memory?—A. I do not recall from memory.

Q. That is, when you came to Ottawa?—A. No, because I think I was in Palm Beach. I came here maybe for the opening and then went back and joined my family and came back to Ottawa about the month of April.

*By Mr. White:*

Q. I may take it then, from what you say, that we have your unequivocal statement that at no time did you attempt to exert your personal influence on behalf of this project?—A. At no time.

*By the Chairman:*

Q. Just a few questions, Senator. What date, about, did you apply for the first syndicate units?—A. About the first part of April, 1927.

Q. And then you paid for them at or about the same time I presume?—A. About the same time.

Q. I think I am fair in assuming that before you paid 30,000 into a project of this kind you would make some sort or inquiry as to what assets the

syndicate had?—A. I was told that they had bought the Robert privilege or rights.

Q. Did you know what they were?—A. I knew of them as it was mentioned.

Hon. Mr. MACKENZIE: Do we know yet.

The WITNESS: As it was mentioned, that was in the old Transportation Company twenty years previous, in which I was interested.

*By the Chairman:*

Q. Then you knew what the Robert rights were?—A. I knew of them. I did not go into any details.

Q. Well, what did you think they were when you paid \$30,000 for units in the syndicate?—A. I thought they had to develop some power, and I knew that, or I was under the impression that if such belonged to Quebec they had it—

Q. We do not need to go into that. What I am coming at is this: You had some acquaintance with the locality of the old feeder ditch where it runs to the St. Louis, and of the rights the Robert heirs claimed to that locality so far as the power was concerned and water; you knew of them?—A. I knew that they had some rights.

Q. And you were born in that locality, and knew the locality.

Mr. JACOBS: He was born on the St. Louis feeder.

The CHAIRMAN: Well, I hope he did not get his feet in the trough.

Q. So I suggest that before putting this amount of money into the project you would make some inquiry to the assets the syndicate owned?—A. No more than they told me. And I had confidence in Mr. Jones as a business man. They told me that they had acquired the rights of Robert. And the amount at that time was so small. It is not the first time that I have invested that amount, or twice that amount or three times that amount without asking, just simply accepting the proposition, and knowing of the confidence I have in the people that were associated with it.

Hon. Mr. MACKENZIE: That is not unusual at all.

The CHAIRMAN: Well, it is just unusual enough that I would like to pursue it a little further.

Hon. Mr. MACKENZIE: That is your privilege.

*By the Chairman:*

Q. What the Syndicate owned at the time you paid for your shares—as I recollect the evidence given here—was an option to purchase the Robert rights?—A. I do not remember offhand whether they had bought the Robert rights or whether it was only an option. I do not recall.

Q. Well, then that is quite satisfactory. But you knew what the Robert rights were claimed to be at that time?—A. I knew that they had some rights. I knew about some rights but I had never gone into details.

Q. I presume as a boy you have walked over the old feeder canal?—A. Yes.

Q. And probably walked up and down the banks of the St. Louis river.

Mr. WHITE: And probably swam in it after school too.

*By the Chairman:*

Q. Now, I suggest to you that when you put up your \$30,000 you knew that it was not the Robert rights as then defined that would constitute the asset that would ultimately make your \$30,000 good and make profit for you, Senator?—A. Exactly.

Q. Then am I fair in saying that you knew that the Syndicate had to accomplish something more, by the acquisition of rights from Quebec and Ottawa in order to make this speculation good with you?—A. I knew that.



Q. And you were prepared to leave, may I say, the perfection of this service in the hands of Jones and Swezey?—A. Exactly.

Q. And you were never asked by them to exercise influence—I do not use that “influence” in any sinister sense—in order to assist them to perfect their rights or enlarge them?—A. No.

Q. Now, the 2,000 units you sold to Seymour, did you not sell those to Griffith for Seymour?—A. Griffith or Jones or any of the others. I do not think they knew about it, because I have gone in the syndicate with them—I had confidence in Jones and I did not want to part with those shares.

Q. I thought Mr. Griffith gave evidence about having bought some shares for Seymour?—A. I do not think anybody knew anything about it.

Q. If my memory serves me correctly, there were some Seymour shares that Mr. Griffith bought, and they ultimately went to Senator McDougald.

Q. Do you know anything about them?—A. No, they are not my shares.

Sir EUGENE Fiset: It may not be the same Seymour.

Mr. FORSYTHE: I do not think it is the same Seymour.

*By the Chairman:*

Q. Which Seymour are you referring to, Senator?—A. Joseph Seymour, the contractor. I do not know about the other 1,000 shares, but I know about my 2,000 shares, and the syndicate did not know anything about those shares being sold.

The CHAIRMAN: Is Mr. Griffith here?

HUGH GRIFFITH, recalled.

*By the Chairman:*

Q. If my recollection serves me correctly, Mr. Griffith, you spoke of some shares which you subscribed for on behalf of Mr. Seymour?—A. That is correct, sir.

Q. Is that the same Seymour that the Senator is referring to?—A. I presume it is from the way he has identified him.

Q. Now, how many shares was it you subscribed for, Mr. Seymour?—A. 1,000.

Q. They have nothing to do with the 2,000 the Senator sold?—A. I did not know until to-day that Seymour had bought them.

Q. That is all right. They have nothing to do with the Senator's shares?—A. Nothing at all.

Q. They were some shares that Senator McDougald took over from Seymour?—A. That is right, sir.

Q. Has Seymour still got the 2,000 shares he bought from Mr. Raymond?—A. No, they were included in the 32,000 of Senator Raymond and Mr. Swezey at the time the Jones shares were sold.

Senator DONAT RAYMOND, recalled.

*By Mr. White:*

Q. Senator Raymond, you are a brother of J. Alderic Raymond?—A. Yes, sir.

Q. Is he the representative, or deputy— —A. No, he is not—another brother of mine.

Q. In 1926, was he employed at the Windsor Hotel at Montreal?—A. In 1926? I think he was the secretary—yes, he was at the Windsor Hotel.

Q. That was his address?—A. Yes, that was his address.

Q. On the 14th of October, 1926, Mr. R. O. Swezey wrote—

Hon. Mr. MACKENZIE: What page?

Mr. WHITE: Page 638.

*By Mr. White:*

Q. . . . wrote to your brother J. Alderic Raymond as follows in part:—

Further to our conversation regarding the St. Lawrence Power project, in which we are both interested, I may say that though I have been familiar with this situation for some twelve years, it is only during the past twelve months that I have devoted some serious attention to the study of the economic possibilities of this one million horse power development, near the city of Montreal, and on deep water navigation in the St. Lawrence.

Then he goes on,—

To place ourselves in possession of all the rights essential to this undertaking, we should pursue the following course:—

Then he says:—

To acquire the control of the St. Lawrence Waterways and Power Company stock. . . .

Then at paragraph 3, he says:—

Enlist with our syndicate two or three individuals, who in addition to providing some cash as their fair share, can assist us in getting our rights extended or enlarged so as to develop the entire available flow of the St. Lawrence at this point. As the whole situation is entirely within the Province of Quebec, our influence has to be exerted only in Canadian political circles—that is at Ottawa and at Quebec.

And further on:—

In connection with personnel of syndicate, I have in mind the individuals we should enlist with us, and although I have been in touch with United States people showing a desire to join, I have hesitated to accept anyone definitely until certain that each and every one is persona grata to all others.

Now, this morning Mr. Sweezey admitted that he had sworn that you were one of the persons he had in mind at the time that he wrote this letter as being one of two or three individuals “who in addition to providing some cash can assist in getting our rights extended;” do I make myself clear?—A. Yes.

Q. In view of that letter, do you still persist in your statement that you did nothing to assist in getting the rights extended?—A. Up to this day—up to this day my brother, J. Alderic Raymond, has never spoken to me in regard to this letter—

Q. That is hardly—A. I am speaking of this letter. If this letter was written to my brother in order to try to influence me in going into this scheme, I am saying that up to this day my brother has never spoken to me in regard to this letter. As far as Mr. Sweezey is concerned, in 1926 I doubt very much that I knew him at all.

Q. That is hardly the point to which I would like you to direct your mind?—A. As far as the letter is concerned, it may have been written in the spirit it is there, but I have never been approached by my brother, and he has never mentioned the fact that he had received this letter.

Q. I am not suggesting that, Senator Raymond. What I am pointing out to you is that obviously at that time, according to the statement which we now have from Mr. Sweezey, you were one of the persons whom he had in mind?—A. I cannot help that.

Q. As those whom he would like to enlist, and for the purpose, as he puts it—"in addition to providing some cash can assist us in getting our rights extended or enlarged." Now, all I am asking you is this: in view of the fact which has now been established that he did have you in mind at that time as one who could assist both with your cash and in getting the rights extended or enlarged, do you still persist in your statement that you have done nothing of the kind?—A. I do.

Mr. LENNOX: Apparently he did not convey his object to the Senator.

The WITNESS: He did not convey any more to me—

Hon. Mr. MACKENZIE: You never saw the letter?

The WITNESS: I never saw the letter.

*By Hon. Mr. Mackenzie:*

Q. Until you heard of it in this investigation?—A. Yes.

*By Mr. White:*

Q. Mr. Jones says, in his evidence, at page 391, given before this Select Committee, the following:—

Q. In your work, when you were pressing for the granting of the application, what do you say as to whether or not you were assisted by any Senators?—A. I repeatedly appealed to some, perhaps as I do to anybody else, to do what they could to hurry it up, because it seemed to me it was dragged out—

Q. That is hardly an answer.—A. Well, then, I can say—

Q. What would you say as to whether you were assisted?—A. What do you mean by the word "assisted"?

Q. It is a common English word.—A. Well, my answer is that anybody who took an interest in it and who listened and got his views as to who owned the water, gave us their opinions by way of assistance, otherwise direct assistance, nobody that I know of.

Q. I see.—A. I certainly asked Senator Raymond over and over again if he could not do something to get some action.

Is that true?—A. No doubt it is true.

Q. I beg your pardon.—A. No doubt it is true that he has asked me.

Q. In spite of his asking you, you did nothing?—A. I did nothing; I do not think I could do anything.

Hon. Mr. MACKENZIE: I think the words "over and over again" explains the whole thing.

Mr. WHITE: I do not think so.

Hon. Mr. MACKENZIE: We differ again.

Mr. WHITE: He may have done something, and was asked to do more.

Hon. Mr. MACKENZIE: It was not very effective, when he was asked so frequently.

Mr. WHITE: It appeared to be effective in March, 1929.

Mr. JACOBS: You seem to be of a very suspicious turn of mind, Mr. White.

Mr. WHITE: In connection with the Beauharnois project, undoubtedly, yes.

Mr. JACOBS: Otherwise you would not be here.

*By Mr. Stewart:*

Q. Senator, when did you sell those 2,000 shares to Mr. Seymour?—A. I think it was in July, 1928. I am not sure of the month, but it was either July or August, in 1928.



Q. And, then, from July, 1928, until some time in October— —A. October 2.

Q. 1929, when the sale was completed, Seymour on an investment of \$200,000, sells out for \$1,100,000, making a profit of \$900,000 in cold cash. He paid you \$200,000?—A. \$200,000, sixteen hundred and five.

Q. For those 2,000 shares?—A. Yes.

Q. He sells out to Mr. Jones at \$550 a share, and he gets \$1,100,000?—A. Exactly.

Q. That is a profit of \$900,000 on an investment in a little over a year?—A. Exactly.

Q. Therefore, he made more money out of it than you did?—A. He did.

Mr. LENNOX: Well, he had more shares.

The WITNESS: He had more risks than I did.

Mr. JACOBS: I think we ought to thank the Senator for coming here and giving his testimony.

The CHAIRMAN: I was just going to do that. Are there any further questions. Well, Senator, we thank you for attending here at the inquiry and giving your evidence. There are no further questions the members of the committee or counsel care to ask you unless you have some questions, Mr. Hellmuth.

Mr. LENNOX: I think the Senator should be commended upon his frankness which was rather different from the action of another Senator.

Mr. JACOBS: I do not think it is the duty of a member of the House of Commons to make any comments on the conduct of a member of the Senate. I understand there are strict rules with regard to that.

Hon. Mr. MACKENZIE: We sometimes break rules in the House of Commons.

Mr. JACOBS: I think the Senator ought to be thanked for having given his testimony in English. He is not an English speaking person, and I think it was very kind of him to have given his evidence in the language that is not his mother tongue.

Hon. Mr. MACKENZIE: I had to listen to it all in the language that is not my mother tongue.

Witness retires.

Mr. WHITE: Has Mr. Dodd arrived?

ROBERT DODD, called and sworn.

*By Mr. White:*

Q. You are Mr. Robert Dodd?—A. Yes.

Q. Of Robert Dodd and Company, investment bankers, Royal Bank Building, Montreal?—A. Yes.

Q. And, would you look at Exhibit 84? Do you recognize that?—A. Yes.

Q. Your company, I understand, is the author of the circular, Exhibit 84?—A. That is right.

Q. And as such you vouch for the correctness of the statement therein?—A. I vouch for the statements there made, subject to reliability of the source of information.

Q. Which was— —A. Robert O. Sweezey.

Q. The first statement that attracts my attention is on page one—the first three paragraphs,

We have been enabled to purchase what we believe to be the entire floating supply of this issue—

Mr. MONTGOMERY: Mr. White, will you permit me to ask a question, and I think you will agree with me it may affect Mr. Dodd's evidence.

*By Mr. Montgomery:*

Q. Did you ever discuss this circular with Mr. Sweezy?—A. I did. When it was ready to go to press we discussed with Mr.—Mr. Dickinson and myself discussed it with Mr. Sweezy.

*By Mr. Jacobs:*

Q. Who is Mr. Dickinson?—A. The man who wrote this circular and got the—

Q. Mr. Dodd, is it D. Kelly Dickinson?—A. That is right. Got the information from Mr. Sweezy.

Q. Is he an employee of the Beauharnois Company?—A. I would not say that. He was employed on this at the time—

Q. By whom?—A. By Robert Dodd and Company.

*By Mr. Lennox:*

Q. Was this statement made upon the representation made by Mr. Sweezy?—A. To Mr. Dodd, and verified by Mr. Sweezy before we put out the circular.

Q. Was it true?—A. I believe it is, yes.

Mr. MONTGOMERY: I am sorry, I cannot hear a word the witness said.

Mr. WHITE: Perhaps the witness will repeat what he said?

The WITNESS: I said I believed it was the truth.

*By Mr. Lennox:*

Q. Then you did purchase the entire floating supply of the issue?

Mr. WHITE: What he believed to be.

Mr. LENNOX: Yes. That is true.

The WITNESS: Yes.

*By Mr. Mackenzie:*

Q. Are you sure it was approved by Mr. Sweezy?—A. Yes. Mr. Sweezy and Mr. Dickinson and I had lunch one day at the Ritz Carlton Hotel before this advertisement came out. We discussed the matter and went ahead with the—

Mr. JACOBS: Was this an after dinner effusion?

The WITNESS: After lunch or after dinner, I do not recall just which.

The CHAIRMAN: Proceed, Mr. White.

*By Mr. White:*

Q. What did you believe to be the entire floating supply at that time?—A. One million two hundred and fifty thousand.

Q. Is that dollars or shares?—A. No, bonds. We are speaking of bonds.

Q. Do you tell us now that you had the right to sell that amount?—A. We thought we had.

Q. By reason of what?—A. Our arrangements with Mr. Sweezy.

Mr. LENNOX: You did purchase that according to your statement.

*By Mr. White:*

Q. What arrangements were they?—A. Well, we were to take up all—there was between \$1,250,000—it was not decided upon how many bonds there were. When we came down to this parley at the Ritz, and he was to find out the following day just how many bonds there were left, somewhere between a million and a quarter or one million and three quarters of dollars, and we were to attempt to sell those bonds, or we were to take them, as a matter of fact—

Q. Then, do you say that Mr. Sweezey assented to the statements that are made in paragraphs 1, 2, 3, 4, 5, 6, 7, 8?—A. All of them.

Q. On the first page?—A. Yes.

Q. The paragraphs numbered?—A. Yes quite.

Q. Then, you make this statement,

It is our reasoned opinion, based on demonstrable quantities, that, owing to the common share—

There is an awful buzzing here, Mr. Chairman, and I find that my voice is not in good form anyway—

Hon. Mr. MACKENZIE: It is not booming with the usual resonance.

The CHAIRMAN: Mr. Dun, will you kindly ask the constable outside to tell those persons in the hall to make less noise. Please read that again, Mr. White.

*By Mr. White:*

Q. Then:—

It is our reasoned opinion, based on demonstrable quantities, that, owing to the common share attachments to this Beauharnois 30-year bond, the market for the bond will, in the course of the next five years, establish a direct or an equivalent valuation ranging from \$150 to \$200 per \$100 bond.

On what did you base that statement?—A. Mr. Dickinson went over those figures. I wired to get all the figures for Mr. Sweezey, and made up this circular, and it appeared to be reasonable in view of the fact that other cases of like nature had worked out perhaps higher than this; and I accepted it as a fact without having checked the figures personally.

Q. Then on the second page near the bottom the circular works out the value of \$1,800 for a \$1,000 bond.—A. For thirty years?

Q. Yes.—A. Yes.

Q. And that is based upon the information which you say Mr. Dickenson supplied?—A. Yes; and also on the first circulars that the syndicate put out. They figure the stock ought to be worth \$35 a share in 1937.

Q. The first circular the syndicate put out?—A. Yes, there is an option to purchase the stock at \$35 a share.

Q. What are you holding in your hand?—A. That is the option. At 1937 it puts the value at \$35 a share it must be putting a value on them when they give the rate of \$35 per share to the bondholders. This is the same stock that we are talking about, in the original Beauharnois circular it is just to establish our figures in connection with this circular.

Q. Then at page 3 you work out the total receipts for 500,000 horse-power at \$8,750,000, and an 85 per cent load factor?—A. Yes.

Q. On what do you base that?—A. As I said, I have not the figures. Mr. Dickenson got all the figures in connection with that, and not being an engineer or an accountant, I do not want to—

Q. What I want to find out is where the information came from?—A. Oh, from Mr. Sweezey.

Q. Then at the bottom of the second column on the third page you say:—

#### A CITY IN PROSPECT

We are assured from our exhaustive research that before the first unit of 500,000 horse power is completed, there will be a city of large proportions, to house, feed and entertain tens of thousands of employees of the new industries now contemplating erection of plant, for their respective diversified products?

A.—Quite right.



Q. From whom did you get the information upon which to base that statement?—A. We would not need to get any information. I would take the responsibility for that statement because if they have 2,000,000 horse-power there that will attract all the industries and houses; it has been done all over North America, and in Montreal; I would not pass that over to anybody else; that is my own vision of the project.

Q. Is it still your vision?—A. Yes, it is still my vision.

Mr. LENNOX: This is going to result in 500,000 horse-power, not 2,000,000.

Mr. WHITE: Yes.

Q. So, according to your view, the extra land owned by the Beauharnois Power Corporation will become very valuable?—A. Yes. In the case of another enterprise with which I was connected 38,000 acres of coal lands were acquired at \$1 per acre, and these lands are now worth \$10,000 an acre.

Q. These are hardly coal lands?—A. You can put factories on them. There is no doubt that if we can get cheap power there it will be a wonderful project. I think we will need it badly in Montreal within the next ten years.

Q. How much of these bonds did you actually get?—A. We did not actually get any, I mean the Newman, Sweezey Company.

Q. How many did you actually sell?—A. What do you mean?

Q. Somebody said you were entitled to 22,500 shares?—A. That was in the original syndicate, and we sold them.

Q. You did not get any more?—A. Not from the Newman, Sweezey Company.

Q. Or from anybody?—A. We bought them and traded them; I would not say we did not buy and sell bonds, because that is our business.

Q. But you did not get any direct issue from the company?—A. We did not get any as far as I know except the 22,500 shares.

Mr. WHITE: Mr. Chairman, Mr. Dodd is brought here at the suggestion of Mr. Gardiner, and I have gone over with him what appear to me to be the salient points of this circular, so possibly Mr. Gardiner would care to ask the witness some questions, and I suggest that perhaps that might be the proper way to proceed now.

*By Mr. Gardiner:*

Q. Turn to the second page of the circular, please, and look at the third paragraph:—

#### OVER \$4 PER SHARE

It will be observed that our analysis discusses in circumstantial detail the expectations of this 30-year bond-share-warrant investment over a five year period, when 1,000,000 horse-power should be in operation; and we show with that production unit, which is 50 per cent of the final objective, an earning power equal to slightly over \$4 a share on the combined common stock outstanding.

What do you say as to the correctness of that estimate of earnings?—A. Well, I have not the figures that went to make it up, but I would say it was not over-estimated.

Q. The next paragraph states:—

With this \$4.25 per share earning power on half the projected development, we believe a price of \$60 for the stock to be quite conservative, without giving consideration to the investment momentum which will gather force when the public realize the company's industry building characteristics in the territory adjacent to the Beauharnois operations.

Do you think, in view of that statement, that these shares would be worth \$60 provided the potential earning capacity was \$4 a share?—A. I have sold stock at \$7 a share that sold at \$1,500 in 1929, stock that did not look as good as this by any means, and I did not rob the public in doing so.

*By the Chairman:*

Q. Is yours a brokerage house or are you investment bankers?—A. Investment bankers.

*By Mr. Gardiner:*

Q. Then farther down the following appears:—

The following tabulation considers the prospective market equity of the 30-year bond and its share attachments, if all securities, bond and shares, are held for permanent investment at a market price of, say, \$60 a share for the common stock.

A \$1,000 bond cost.....	\$1,000
5 shares valued at \$60.....	300
Increment on 20 shares at \$25.....	500

Market value of the \$1,000 investment.....	\$1,800
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Do you subscribe to that?—A. I do. By the way, Mr. Gardiner, of illustration, the South-Eastern Power Company, a holding company the same as this is, had its bonds selling at \$1,900 in 1924 and they went up to \$2,500, and to-day in spite of the slump in the market they are worth from \$1,500 to \$1,600, and power rates have come down along with them.

Q. Turn to the second paragraph on page 3 of the circular, which reads as follows:—

As we have shown in this analytic study, there is every reason to anticipate the progressive sale of the total projected 2,000,000 horsepower, as and even before each 500,000 unit is completed. Therefore, we would estimate, within ten years, an annual gross revenue of at least \$40,000,000. This will entail a mortgage capitalization of well under \$200,000,000, which, at say, the high average of 6 per cent would require \$12,000,000 as fixed charges, with \$4,000,000 of over-all operating costs, resulting in a net surplus of \$24,000,000 equal to \$10 a share on the combined "A" and "B" stock.

What do you say as to the correctness of that statement?—A. It is quite correct; it is very modest in comparison with the investment.

Q. Then if you think that is quite correct, and you believe that within ten years both the "A" and "B" stock will be earning \$10 a share can you give this committee an estimate of the potential value of those shares?—A. It might go to \$1,000.

Q. \$1,000?—A. It might go to \$1,000.

Mr. WHITE: We had better get in right away!

The WITNESS: I am selling the stock, you see, so I am a little optimistic, and this is a good place to tell you gentlemen that this project is just the same as the case of a man who took up a farm in the West—

The CHAIRMAN: I hope not.

Mr. WHITE: There is no water there.

The WITNESS: I am speaking of farmers in the West, not speculators; there are some with a lot of money to-day who went out there and picked out 160 acres and got the balance at \$1 an acre. Try to buy it now for \$1,000 an acre or for anything at all! I refer to land lying in the valley between Edmonton and Calgary. This project is on the St. Lawrence river and nobody is getting

any benefit from the water now, but in ten years we will have to have it. There is 2,000,000 horse-power there, and the people of this country are going to see that it is developed.

*By Mr. Gardiner:*

Q. Would you figure the potential value of those shares at \$150 a share ten years from now?—A. They might be worth a couple of hundred dollars. I have seen stock sell for \$200 that was not paying a dividend.

*By the Chairman:*

Q. Not sold through your house?—A. Yes.

Q. Did you say you were an investment banker?—A. Yes. The man who bought it for \$200 could have sold it at \$1,500, and if he bought it at \$200 he could sell it to-day for \$500, taking into consideration the break in the market. The more electric current you sell the cheaper it gets, and the more they produce at Beauharnois the more they will sell. I do not know anything about these figures particularly. They were obtained by my analyst, and generally I supply the optimism that goes with the business. In Canada we have to be optimistic. I have faith in the future of this country.

Q. Is there anyone employed to put the brakes on now and again?—A. The brakes go on automatically.

*By Hon. Mr. Mackenzie:*

Q. I suppose they are on now?—A. Yes; we are on the ebb tide now; a little while ago we were on the flood tide and now we are on the ebb tide and it will be flood tide again some time. I have been through it since 1901 and have lost money on every break but have managed to come out of it with three meals a day and a place to sleep.

*By Mr. Gardiner:*

Q. I want to get your viewpoint as to the potential value of these shares at the end of ten years' time when this thing is completed according to your circular.—A. The stock would have a fair value of \$200 per share, I would say.

Q. And if you owned one hundred thousand dollar shares what would be the potential value of those shares?—A. Do not ask me to calculate so quickly; I have no adding machine here.

Mr. WHITE: That is a matter of multiplication, not addition.

The WITNESS: \$40,000,000.

*By Mr. Gardiner:*

Q. Do you think that would be a fair potential value to place upon the shares?—A. Yes, of course, one has to wait a long time. There are a good many things to go over the dam between now and the time they are worth that.

Q. Was this circular of yours used for advertising purposes, or were any of the items in this circular used for that purpose?—A. Just what do you mean by "advertising"?

Q. The bonds were advertised when they were being sold?—A. Yes; they went out in the circulars.

Q. Was any of the material in this circular of yours specific advertising in the press?—A. Yes, I presume so. There is a copy of the advertisement.

Q. This advertisement was put in by your company?—A. Yes.

Q. Do you know whether this material was used by any other company for the purpose of selling those bonds?—A. I do not think so; not that I know of.

Q. You have no information on that point?—A. No. I do not think so.



Q. You just used your own material and your own advertisements?—  
A. That is right.

*By Hon. Mr. Mackenzie:*

Q. Did you have bonds to dispose of in response to that advertisement?—  
A. Yes.

*By Sir Eugene Fiset:*

Q. But all you got from Newman and Sweezey was 23,500 shares?—A. Yes.

*By Mr. Gardiner:*

Q. Have you any correspondence with Mr. Sweezey with regard to the purchase of those bonds or the arrangements made?—A. No, not at that time.

Q. There was no correspondence?—A. No.

Q. It was purely a matter of negotiation?—A. Purely a matter of personal negotiation, like all these things were done.

*By Mr. White:*

Q. If my arithmetic is at all correct the class A shares, of which I understand there are 3,000,000, would be worth, according to you, \$1,800,000?—  
A. \$1,700,000.

Q. So that the class A shares, according to you will be worth two hundred times \$1,700,000 in ten years?—A. Yes.

Q. Is that based on 2,000,000 horse-power?—A. Yes, that is based on 2,000,000 horse-power. That is not any different from any other line of business that a man is in or that anybody is in. It isn't anything wonderful, or there is nothing wonderful about that sort of thing. When people put their money in they take their chance, and they are entitled to something, and the people of Canada are getting the benefit of it.

The CHAIRMAN: Nobody is suggesting that they are not entitled to something.

The WITNESS: Mr. White is questioning—

Mr. LENNOX: It is the amount, that is all.

*By Mr. White:*

Q. There are two phases in connection with that, Mr. Dodd, and they must be borne in mind in asking those questions, because some people think that if this proposition has a potential value of \$5,000,000 or \$6,000,000 the country should own it. Other people have other views, and it was with that object in mind that I was asking you these questions?—A. In answer to that, Mr. Henry, Sir Herbert Holt had a standing bet with Sir Adam Beck in Toronto, of \$5,000, that he could get power cheaper with a company in Montreal than you with the Hydro-Electric in Ontario.

The CHAIRMAN: Why enter into this?

The WITNESS: He is bringing the subject of public ownership.

*By Mr. White:*

Q. Then you speak in the circular here of industries, had you any particular industries in mind?—A. No, but you do not need to have any particular industries in mind. This power will attract the industries. The industries will go there for power. I haven't any particular industries in view.

Mr. WHITE: I see, like the flies going to the molasses barrel.

The CHAIRMAN: Any further questions, gentlemen?

*By Mr. Montgomery:*

Q. Did you have more than one interview with Mr. Sweezey?—A. I had lots of interviews, yes.

Q. With Mr. Sweezey?—A. Yes. I met him often around that time, at luncheons, and had interviews at different times.

Q. I suggest to you that Mr. Dickinson submitted a draft of this circular to Mr. Griffith. Are you aware of that?—A. I presume he did. Yes, he told me he did.

Q. And did not he tell you that Mr. Griffith refused to endorse it?—A. No, he did not tell me that.

Q. The 22,500 of bonds of which you speak were not sold on this particular circular?—A. Some of them might have been.

Q. I am talking of this particular circular, Mr. Dodd.—A. We were referring in this particular circular to different bonds, the bonds that we were negotiating for.

Q. And the 22,500 which you took from the first syndicate were sold on the regular syndicate letter, were they not?—A. Exactly. I do not say they were all sold. We sold some of them,—perhaps we sold them all. We were in the position of trading.

Q. Do you know what the stock is selling at to-day?—A. About \$5.

Q. How many shares have you?—A. I have a few shares.

Q. So that you have confidence in your prediction that this stock will be selling for \$200 in ten years?—A. I have my money in it, yes.

Q. How many shares have you?—A. Am I supposed to answer that, sir.

The CHAIRMAN: It is not a proper question. But, Mr. Montgomery, at the time Mr. Sweezey was selling bonds is it not fairly obvious that if he can enlist as one of his captains a man with the optimism of Dodd he never would overlook him.

Mr. MONTGOMERY: I do not know about that, Mr. Chairman. There was no official circular put out which, I suppose, represented the proposition as optimistically as they thought proper.

The CHAIRMAN: That is the one that was sent out by Newman-Sweezey & Co.

Mr. MONTGOMERY: Yes, the one that was sent out by Newman-Sweezey & Co., and also by all the brokers who participated in the first issue.

Hon. Mr. MACKENZIE: Do I understand that no bonds at all were bought or sold under this circular.

Mr. MONTGOMERY: Under the Dodd circular?

Hon. Mr. MACKENZIE: Yes.

Mr. MONTGOMERY: None.

The WITNESS: Yes, there were bonds sold under that. But he is referring to other bonds. I have sold bonds on that circular. The original bonds, or the other bonds were Beauharnois bonds.

*By Mr. Montgomery:*

Q. At a considerably later date?—A. Oh, yes, at a considerably later date than this circular.

*By Hon. Mr. Mackenzie:*

Q. None of the 22,500 were sold under this circular.—A. I would not say that either.

Q. You are not sure?—A. I am not sure.

Q. That all depends on whether you have been successful.—A. As a matter of fact, we might have bonds and hold them for a year before we sell them.

*By Hon. Mr. Mackenzie:*

Q. Did you issue a syndicate circular as well as this circular?—A. Yes.

Q. Subsequent to the issue of this one?

Mr. LENNOX: That was issued on the 30th March, 1930.

The WITNESS: This circular was before, yes.

Mr. WHITE: The syndicate circular, Exhibit 84, preceded.

The WITNESS: Preceded our circular. This is October, 1929, and ours is marked 1930.

The CHAIRMAN: Are there any other questions any other member of the committee would like to ask the witness, Mr. Hellmuth?

Mr. HELLMUTH: No.

Mr. LENNOX: I want to ask Mr. Hellmuth a question. I want to learn some law. The Chairman and I have been discussing who the owners of the beds of navigable rivers are. We cannot agree. I know he is wrong but still I would like to have your opinion.

Mr. HELLMUTH: Well, I think Mr. Lennox, that that question is pretty well settled now.

First of all, in 1898, in the first Fisheries case, a strong pronouncement was made in the Judicial Committee that all property rights in navigable rivers in the provinces rested with the Crown in the right of the province subject to the power of the Dominion parliament to legislate or to deal with the rights of navigation.

That was followed by a number of cases, both the second and third Fishery cases, and also by the case of Leamy vs. The King in the Supreme Court, in which the Supreme Court laid down definitely and decidedly, the principle that in the province rested the proprietary rights in regard to water powers and the beds of the rivers and although there might be some riparian rights yet the province could deal with them as property and civil rights in the province.

The last case of all, the Water Powers Reference case, question 9 is answered in this way. The 9th question was:—

Has the province the right to control or use the waters in provincial rivers and to develop or authorize the development of water powers within the province, provided that in so doing navigation is not prejudiced and that the province complies with Dominion requirements as to navigation.

Then the answer to that question is given by Mr. Justice Duff, on page 226, Mr. Justice Duff having delivered the opinion of the court, Mr. Justice Smith delivered a concurring opinion. There were only two opinions. Mr. Justice Duff says:—

As to question 9, it was not seriously disputed that, under the conditions mentioned, the provinces have the rights which are the subject of the question. This, of course, on the assumption that there is no conflicting legislation by the Dominion under an over riding power, a power, for example, conferred by the combined operation of section 91 (29 and 92 (10a).)

Neither of those being matters which affect the question so far as you have put it to me, Mr. Lennox.

The CHAIRMAN: Whose judgment is that you are reading, Mr. Hellmuth?

Mr. HELLMUTH: That is the judgment really of the court, delivered by Mr. Justice Duff, and it is only in line with the previous decisions. For sake of reference, I could give you the names of the cases.



There is the Attorney General of Canada vs. the Attorney General of Ontario et al, 98 Appeal Cases, 700. That is the first Fisheries Case.

The Attorney General of British Columbia vs. the Attorney General of Canada and others, 1914 Appeal Cases, 53.

Leamy vs. The King, 54 Supreme Court Reports, 143. That is 1916. I am giving those to you, as far as I can, in chronological order.

The Attorney General of Canada vs. the Attorney General of Quebec, 1921, 1 Appeal Cases. There are two volumes, 413.

Then there is the case of the City of Montreal vs. Montreal Harbour Board, 26 Appeal Cases, 299. That was a case in which the Dominion claimed that under the British North America Act which placed canals in the position of harbours of the Dominions, that it also authorized the Dominion to enlarge those harbours and to own the land occupied by such enlargements and, in that case their Lordships go—I won't say out of their way but they say that while the harbour which was vested in the Dominion from the bed of the stream beyond that harbour which was subsequently used as part of the harbour did not belong to the Dominion but belonged to the province, and must be if taken by the Dominion for the purposes of a harbour, compensated for.

Then there is the last case, which was the one I mentioned, the Water Powers Reference, that is 29 Supreme Court Reports, 200, and at page 226 is the passage that I read from by Mr. Justice Duff.

I may add that I have looked at the arguments that were advanced by the counsel engaged in that case, the arguments of which lasted for some nine days. Eminent counsel were engaged in the case. Mr. Rowell was acting for the Dominion, and among others who were acting for the provinces were Mr. Tilley and Mr. Lafleur. Mr. Rowell put forward, so far as I could find, no contention against the province being the owners of the bed of navigable streams, and both Mr. Lafleur and Mr. Tilley dismissed that portion of the question by saying, "It is not necessary to argue that that proprietary right as distinguished altogether from legislative right is in the province." And the committee will see that that is entirely in line with the commencement of the remarks of Mr. Justice Duff—that it was not disputed.

So that I would respectfully submit that there is not now at the present moment any real controversy as to the province being the owner of the bed of navigable streams. The only ones who have the proprietary right to the water-power that may be developed by proper procedure from that water passing down that navigable stream, but that that is subject to the right of the Dominion in regard to navigation, and that in a case of this kind we would have to go to the province for the right to use that water, to divert for the purposes of power, and then having got that right from the province applications have to be made to the Dominion for protection in regard to the navigation in that stream.

That would be my submission. I may add that so far as I have seen, all counsel—and there are a great many who have had it placed before them—come practically to the conclusion that I have endeavoured to state.

Mr. LENNOX: Thank you, Mr. Hellmuth.

Mr. WHITE: Mr. Chairman, might I add one word to what has been so well said by my learned friend, Mr. Hellmuth, and that is this: It leaves open a very serious question, it seems to me, that is as to whether the ownership of the bed of a stream gives any right to the use of the water. Under English law, as I read it,—

The CHAIRMAN: There is a lot of it.

Mr. WHITE: . . . The right to the use of the water is a riparian right. That is the right which the owner of the bank of the stream has. Now, that is a consideration which I think cannot be left out of the situation.

The CHAIRMAN: We will not be called upon in this committee to decide that.

Mr. WHITE: I just want to bring that to the attention of the committee.

Mr. LENNOX: We were just discussing the matter between ourselves.

Mr. WHITE: And in addition to that there is the further question, and the matter cannot be determined unless one knows, for instance, in the province of Quebec what the seigneurial grant was from the King of France and as to how far that carried it, and also as to whether there is a distinction between the French law coming from the Roman law as to the right to the use of the water being in the owner of the bed of the stream as distinguished from it being a riparian right under English law.

Mr. HELLMUTH: I want to add one word in regard to that. It is now laid down further under the British North America Act dealing with property and civil rights, and the granting of water powers to somebody else, that under the legislative jurisdiction they can take away the property from the riparian owners and give it to somebody else. Of course, it would provide for compensation; but that I submit has been quite clearly held, that all property rights in every province are in the province and they can dispose of them as they see fit.

Mr. WHITE: I would bring to the attention of the committee a letter addressed to you Mr. Chairman, dated July 10, 1931, from Mr. Frances King, counsel for the Dominion Marine Association. It is desirable that I should read this.

The CHAIRMAN: That letter came to me through the mail this morning.

Mr. WHITE: Perhaps I had better read it. It is addressed to the Hon. W. A. Gordon, and reads as follows:

On behalf of the Dominion Marine Association, and under instructions, I beg to refer to the attitude of the Association towards the undertaking of the Beauharnois Light, Heat and Power Company which is now being considered by your committee.

Upon the application of the company for approval of its plans under the Navigable Waters Protection Act and the Dominion Marine Association filed a memorandum addressed to His Excellency, the Governor General in Council, dated the 20th October, 1928, setting out some of its many objections to the proposal. Upon the hearing of this application of the 15th January, 1929, the Association was prepared to present evidence, including that of practical navigators, in opposition to the scheme, but counsel for the applicant having at the opening of his address, set aside as irrelevant a great part of the printed and written matter already published or on record, and having addressed himself solely to the withdrawal of 40,000 c.f.s. (now permitted by Order in Council), the question immediately at issue for this association reduced itself to nothing more than the effect of this withdrawal upon the continued navigation of the Rapids in this section of the river. Counsel for the applicant company, under some pressure on this point, thereupon dictated to the official reporter a definite statement limiting the application to the relatively small amount of water above mentioned. The Company would have to come back for permission if it at any time desired to take more water and to develop the power canal for navigation.

The Dominion Marine Association therefore called no witnesses upon the larger question of subjecting vessels large or small to the difficulties and dangers of navigating a power canal.

The Association does not wish its silence at the present time to suggest that its very strong objections to the larger undertaking have in any way been removed or satisfied. The fact is that when your special committee was appointed it was not thought that these objections would be

given consideration upon the present hearing, and it seemed that they should be presented when an actual application for more than 40,000 c.f.s. happened to be made by the company. But reports of the present inquiry show that the whole subject is being considered, and therefore I am directed to submit, as I do herewith, a copy of the Association's memorandum of the 20th October, 1928, above mentioned, which represents its views to-day as it did then.

I do not like to refer to any particular paragraphs in this memorandum lest it should appear that others are considered of smaller importance. But this Association is particularly concerned about the exploitation of the river in the interests primarily of individuals whose business is the inexpensive development and wide marketing of power, and who will feel obliged to take care of navigation only to the extent that the Dominion Government happens to impose requirements and restrictions. Navigators and owners of ships object to any scheme which will subject their vessels unnecessarily to the difficulties and risks of passage up and down a long submerged channel in a very substantial current developed in water utilized and controlled by those manufacturing power in accordance with the exigencies of that business, and controlled only indirectly, and perhaps after the event, if at all, by those who may be charged with the duty of some oversight by the Dominion authorities.

On behalf of the Dominion Marine Association I beg to commend the Association's views to your earnest consideration and would ask that no action be taken by way of approval or recommendation of approval of the larger undertaking which is apparently now proceeding in advance of any application by its promoters for authority of the Minister of Public Works, the Governor General in Council, or the Parliament of Canada.

I shall be glad to have acknowledgment of the receipt of this letter, and to know that it, together with the enclosure, will be laid before the Committee.

Attached to this there is a memorandum which is dated October 20, 1928.

Hon. Mr. MACKENZIE: That is the old objection made before the hearing. we have that already.

Mr. WHITE: Yes. That is right.

(Letter addressed to Hon. W. A. Gordon dated July 10, 1931, filed, marked Exhibit 106).

Mr. WHITE: Now, you recall the other day that Colonel Lennox suggested that Mr. Ebbs be asked to bring his bank book and cheques to the committee. I took the liberty of changing the instruction a little, and asked Mr. King, who is acting here as the representative of Price-Waterhouse Company, to go to Mr. Ebbs office and make an examination on the ground. Mr. King has completed his examination, and is prepared to give the results.

The CHAIRMAN: Are there any results?

Mr. WHITE: Practically none, sir. The amount of money, according to Mr. King's report, which has been received by this firm is, with the exception of a sum of \$2,000, the same as was indicated when Mr. Ebbs was in the box, and there are no disbursements. Mr. King tells me that he examined the firm's cash book over a period for two or three months, prior to the first payments, and subsequently to the present time, and that there are no indications of any disbursements which could be construed into political subscriptions or anything of that character.

Mr. JACOBS: That is within the last few weeks.

Mr. WHITE: No. From the first amount received—from a period of two or three months prior to the first payment, and from thence next forth ensuing and ending at the present moment.



Mr. JACOBS: We do not require Mr. King's testimony. I think your statement is all right.

The CHAIRMAN: If everyone is satisfied with what Mr. King has transmitted to Mr. White and Mr. White has transmitted to us, we need not call Mr. King on that point.

Mr. HELLMUTH: May I file those opinions that I spoke of? I do not know that they need necessarily be filed, but I would like to hand them in.

The CHAIRMAN: I have a confession to make, Mr. Hellmuth. I think Colonel Lennox deliberately asked you that question for the purpose of finding out what the law was so he could use it in his business hereafter.

Mr. LENNOX: So you had better file it. I did want to learn what the law was. I had never looked it up, and I knew you were being paid for that purpose, and I thought it was the easiest way to get the information.

The CHAIRMAN: If you will leave it with me, I will have some copies struck off, and we will all have it.

Mr. WHITE: I understand, Mr. Chairman, that Mr. Morin wishes to call Mr. Griffith for a moment.

HUGH GRIFFITH recalled.

*By Mr. Morin:*

Q. Mr. Griffith, do you know Mr. Charles Lanctot of Quebec?—A. I know who he is, though I have never had the pleasure of meeting him.

Q. You know him?—A. Yes.

Q. By name?—A. Yes.

Q. What is his official capacity in Quebec?—A. I believe he is assistant or deputy or has some capacity in the Attorney General's office.

Hon. Mr. CANNON: I do not know what the object of my learned friend's question is, but again I wish to state to this committee that any investigation concerning Quebec government officials is not the concern of this committee.

Mr. MORIN: I will not question the witness about the official duties of Mr. Lanctot, but only his connections. Mr. Lanctot is an individual with this company.

The CHAIRMAN: What is he, a solicitor?

Mr. MORIN: He is Deputy Attorney General.

The CHAIRMAN: A lawyer or advocat?

Mr. MORIN: Yes, but no private practice.

Hon. Mr. CANNON: That is a question. That question, as a matter of fact, has been discussed already. Whether the Attorney General or Assistant Attorney General—

The CHAIRMAN: Is he the Deputy Attorney General?

Hon. Mr. CANNON: Yes.

Mr. LENNOX: Would he be allowed to practice?

Hon. Mr. CANNON: Yes. As a matter of fact, he appears on the list of the Bar. But my objection is not to that. My objection is that I do not think this committee should go into investigating anything connected with the officials of the Quebec government.

Mr. STEWART: I do not see that. If they have any money or anything in this company, we should know it, irrespective of whether they come from Quebec or any other province. We do not know what he is going to ask.

The CHAIRMAN: I do not know, I am sure. I was hoping that all available evidence would be made plain to this committee.

Hon. Mr. CANNON: But, Mr. Chairman, if I may be allowed, with all deference, here is a Parliamentary committee set up by the House of Commons, the reference is that the committee is to deal with the Beauharnois insofar as the jurisdiction of the Dominion goes. Well, I do not think that it can be urged that a parliamentary committee, set up by the Dominion House, would have any power to inquire into the conduct of officials of another government.

Mr. LENNOX: Don't you think it would be better to wait until Mr. Morin puts his question, and take exception to it?

Hon. Mr. CANNON: The trouble is—

Mr. LENNOX: I do not know anything about it.

Hon. Mr. CANNON: I do not know myself. I do not know what my learned friend wishes to bring out. Now, we have gone this far that Mr. Morin has asked the witness who Mr. Lanctot is, and what his official position is. We have got that far. Now, I am putting the question—it is for the committee to decide—it is a most extraordinary thing if a parliamentary committee of the Dominion started investigating the officials of the Provincial Government.

Mr. MORIN: It is not my intention at all.

Mr. LENNOX: I think it is hardly fair to put it that way, because we do not know what Mr. Morin has in mind until he puts the question.

Mr. JACOBS: We have the power, under the reference, to inquire into all matters referred to us which are within the jurisdiction of the Parliament of Canada, and nothing else.

Mr. LENNOX: In other words, we cannot interfere as to the jurisdiction of a province, but that does not stop us getting information that may help us to come to a conclusion.

Hon. Mr. CANNON: My point is simple, and all the more so—the Chairman appreciated it a few days ago—there was some question of producing an agreement between Beauharnois and the Hydro Electric Commission of Ontario, and objection was made to it.

Mr. LENNOX: The Chairman objected to it?

Hon. Mr. CANNON: The Chairman objected to it.

Mr. LENNOX: Let us get his objection in concrete form and a ruling. He has not asked the question yet.

*By Mr. Morin:*

Q. Is Mr. Lanctot on your payroll?

Mr. JACOBS: Let us have the decision from the Chairman on that. It may be important.

Mr. STEWART: I thought we were to decide each individual case as it came up.

Mr. JACOBS: Mr. Cannon has raised an objection, and it is for the Chairman to decide it.

Mr. STEWART: We have not any objection to decide upon because we do not know what the question is to be.

The CHAIRMAN: As I understand this matter, it resolves itself into this: up to the point where Mr. Cannon raised his objection, there was no objection available; but this further question is asked, and I suppose the committee will be called upon to rule upon that question. Mr. Morin has now asked his question.

Mr. LENNOX: Well, Mr. Cannon, have you any objection to that question being asked?

Hon. Mr. CANNON: I certainly have.

Mr. LENNOX: On what grounds?

Hon. Mr. CANNON: This committee is not set up for the purpose of investigating matters over which it has no jurisdiction.

Mr. LENNOX: This has nothing to do with the Quebec Government. Mr. Morin has asked a question if Mr. Lanctot was in the pay of this corporation.

Hon. Mr. CANNON: Yes, but with the preceding questions—

The CHAIRMAN: I understand Lanctot is a practising advocate in the City of Quebec.

Hon. Mr. CANNON: He is the Assistant Attorney General of the Province of Quebec.

Mr. WHITE: Deputy.

The CHAIRMAN: He still carries on a legal practice, as I understand it, I may be wrong.

Hon. Mr. CANNON: I do not know. I cannot answer that question.

The CHAIRMAN: Is he not a well known counsel?

Mr. JACOBS: He is a well known counsel in Quebec?

Mr. MORIN: He has no private office, he has an office in the Parliament Buildings that is all.

Hon. Mr. CANNON: He is an official of the Government of the Province of Quebec.

Hon. Mr. MACKENZIE: The Attorney General in England I understand, makes lots of money.

The CHAIRMAN: As I understand Mr. Morin's question, he wants to know from Mr. Griffith whether Charles Lanctot is an Advocate of the City of Quebec.

Hon. Mr. CANNON: No, Mr. Chairman, the Assistant Attorney of the Province of Quebec. Mr. Morin asked the witness if he was, and he said yes.

The CHAIRMAN: I think that probably he asked that in order to identify the man.

Hon. Mr. CANNON: I do not know what the purpose was. That is the result of his answer. We have now before the committee evidence dealing with one of the highest officials of the Province of Quebec. Now, should the committee take upon itself to investigate his action. I have stated my objections. I do not want to delay the proceedings.

The CHAIRMAN: I think at this point, subject to review later on, that the question that should be put to Mr. Griffith is not, is Charles Lanctot in his capacity as Deputy Attorney General of the Province of Quebec in the pay of the Beauharnois Company, but is Charles Lanctot an Advocate of the City of Quebec in the pay of the Beauharnois Company. It would be quite within the rights of the committee to put the question that way.

*By Mr. Morin:*

Q. Is Mr. Lanctot, as a private lawyer, on your payroll?—A. Lanctot is in receipt of a retainer from the Beauharnois Power Corporation.

*By the Chairman:*

Q. How much?—A. I am not prepared to say, but my recollection is \$1,500 a year.

*By Mr. Morin:*

Q. Did you ever meet him?—A. I have never met him.



Q. Have you ever corresponded with him?—A. I have written him one letter.

Q. What for?—A. Confirming the retention of his services, and enclosing a cheque for one-half year's retainership.

Q. Who engaged him?—A. I presume I engaged him when I wrote the letter.

Q. I beg your pardon?—A. I presume I engaged him when I wrote the letter. I took that action on the advice of Mr. Geoffrion or rather at the request of Mr. Geoffrion.

*By Mr. Lennox:*

Q. What were his duties to be?

Mr. JACOBS: Now, I think that Mr. Cannon can quite properly make his objection.

Mr. CANNON: I have no more objections to make. I made my objection, and stated it very clearly.

The CHAIRMAN: I have given effect to it, unless the matter comes under further review.

Hon. Mr. CANNON: I have been in Ottawa for fifteen years, and I never had an experience of a committee investigating another Government's officials.

*By Mr. Morin:*

Q. What service is he supposed to render to you?—A. Mr. Lanctot is to—

Mr. LENNOX: Is there any objection to that question?

Hon. Mr. CANNON: I have no more objections to make; I have made my objections and stated them very plainly.

The CHAIRMAN: What is the question that you want to put to the witness?

Mr. MORIN: What are the services he is supposed to render to that company?

Mr. JACOBS: Is that something within the purview of our committee?

Mr. MORIN: We have been inquiring about all the other lawyers, and I do not see why Mr. Lanctot—

Hon. Mr. MACKENZIE: Not all.

Mr. MORIN: Many of the lawyers.

Hon. Mr. MACKENZIE: I have one or two more, when you sit down.

Mr. LENNOX: We are inquiring about a man, who is admittedly on the payroll of the Beauharnois Company. We have a right to know what his services are, irrespective of his connection with the Quebec Government. That is my opinion.

The CHAIRMAN: I would not care to subscribe to that. I have given effect to Mr. Cannon's objection, subject to review later on, for the moment at least. It is just about adjournment time, and I would prefer that that question be deferred until the next session, and in the meantime I will think it over.

Mr. WHITE: May I offer a suggestion, Mr. Chairman, and that is this: it might be just possible that an answer to that question—I do not know what it will be—if it is right to be answered, may involve some question of Mr. Lanctot's duties in his official capacity, and in that case we would be, perhaps, treading on dangerous ground.

The CHAIRMAN: That is the danger. Frankly, I am not yet wholly convinced that we have not the right, if we care to exercise it, to inquire into this, but having regard to the stand that Mr. Cannon took earlier in the

investigation, I said that as those questions arose, we would deal with each on its merits.

Mr. LENNOX: I do not think it has any similarity at all with your ruling. Your ruling was on the question of departmental work, work gone on between officials of the company, and the question was whether it would be right to disclose anything that had taken place between clerks and the officials of the departments. That was your ruling. We are not interested in departmental work here. We are interested in knowing, after having learned that a certain man is receiving \$1,500 a year as a retainer, what his services are, and what he is retained for. It has nothing to do with departmental work. We are asking about a man who is working, not as the Deputy Attorney General, but we are asking about a man who is working as an employee of a company for which he is paid \$1,500 a year.

*By Hon. Mr. Mackenzie:*

Q. Mr. Griffith, the very next entry on that sheet after Mr. Lanctot's name is "John A. Sullivan." Who is he?—A. He is an attorney in Montreal.

Q. Is he in the service of the Beauharnois Corporation?

Mr. JACOBS: Mr. Chairman, I move that we adjourn.

The CHAIRMAN: Let us pursue this line of inquiry first.

*By Hon. Mr. Mackenzie:*

Q. Is he an employee of the Beauharnois Corporation?—A. He is in receipt of a retainer from the Beauharnois.

Q. Of how much?—A. I am afraid I cannot give amounts without reference to some evidence or books or something; I would have to look at that sheet.

Mr. LENNOX: It certainly covers a wide field.

*By Mr. White:*

Q. The amount on the sheet is \$1,500?—A. Doubtless that is correct.

*By the Chairman:*

Q. What does Mr. Sullivan do?—A. He is available for practice and consultation in the district of Beauharnois.

Q. And I believe that before being engaged by you he sued the company many times?—A. No, I do not think that is so.

Q. I think he did, and that he had some considerable success with his suits?—A. Not to my knowledge.

Hon. Mr. MACKENZIE: Is the chairman giving evidence now?

The CHAIRMAN: No, but I am asking questions.

The WITNESS: I am not aware of any action taken by him or through his office.

*By the Chairman:*

Q. Did you consult Mr. Sullivan?—A. Yes.

Q. And you paid him for his services in this way?—A. Yes.

Q. Did you consult Mr. Lanctot?—A. Not directly, but Mr. Geoffrion does so.

Q. And pays him for his services?—A. He is so paid.

Q. What services has Lanctot rendered to you?—A. I cannot answer that satisfactorily. I understand he has been consulted with respect to the municipal work in the Province of Quebec.

*By Hon. Mr. Mackenzie:*

Q. But both are practising barristers?—A. Oh, quite.

The CHAIRMAN: Mr. White, before we adjourn I want to put on record a telegraphed letter that I sent to the Hon. W. L. McDougald asking him to signify his consent to attend here and give evidence, and also the confirmation of the delivery of this telegraphed letter to Senator McDougald at his residence in Montreal.

Mr. JACOBS: You might have sent it down to the Senate Chamber. Senator McDougald made a statement in the Senate Chamber this afternoon.

Hon. Mr. MACKENZIE: Did he?

Mr. JACOBS: Yes.

Hon. Mr. MACKENZIE: To what effect?

Mr. JACOBS: He has asked for a committee of the Senate to investigate into the matters complained of.

Mr. LENNOX: He has not confidence in us.

Hon. Mr. MACKENZIE: The first thing you know, we will have another constitution in Canada.

Mr. WHITE: I will file these documents as Exhibit No. 107.

#### EXHIBIT No. 107

Copy of telegraphed letter dated Ottawa, July 15, 1931, from Victor Clouthier, Esq., to the Hon. W. L. McDougald, and confirmation of delivery of same:—

HOUSE OF COMMONS, CANADA,

OTTAWA, 15 July, 1931.

The Honourable W. L. McDougald,  
Senator,

Chateau Laurier, or the Senate Chamber, Ottawa, or 25 Sunnyside Avenue,  
Westmount, Quebec.

SIR,—In accordance with resolution adopted by the Honourable the Senate of Canada on Tuesday, 14th July instant, agreeing to the request of the House of Commons of Canada for leave to be granted to you to attend and give evidence before the special committee of the House of Commons, appointed to investigate from its inception the Beauharnois power project, I beg to inform you that I have been directed by the Chairman to convey to you the committee's desire to have you attend and give evidence before the said committee concerning the said Beauharnois power project so far as your interests and dealings are therein concerned, and also any other information that you may have knowledge of as to the undertaking of the said project, on Thursday, 16th July, at 2.30 o'clock p.m., in Room 231 of the House of Commons.

Will you kindly signify your consent to so attend on the date and at the hour herein mentioned, either to the Chairman, the Honourable W. A. Gordon, or to the Clerk of the Committee, Mr. John T. Dun, House of Commons, Ottawa? An immediate reply will be very much appreciated.

I have the honour, sir, to be,

Yours very respectfully,

VICTOR CLOUTIER,

HOUSE OF COMMONS, OTTAWA.  
34 G Cr SVC

Chief Clerk of Committees.

HU

Sys yrs. 15th Hon. W. L. McDougald sgd Cloutier msg sent residence, this AM BBC then sent to office deld personally ten AM.

DELY MONTREAL QUE. JULY 16."



The CHAIRMAN: Mr. White, here is a letter that came to me from a person with whom I do not think I am personally acquainted. You might review the contents of it and convey them to the members of the committee if you desire to do so. It is not marked "confidential".

*By Mr. White:*

Q. Did you see that letter Mr. Griffith?—A. No, what is it about?

Mr. WHITE: Do you want me to read it, Mr. Chairman?

The CHAIRMAN: Read it over to yourself.

The committee will adjourn until 11 o'clock to-morrow morning.



HOUSE OF COMMONS, ROOM 231,

FRIDAY, July 17, 1931.

The Select Standing Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:—

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.  
G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: Mr. Gardiner informs me that Mr. Bergevin has indicated that he wishes to be heard before the committee. I suggest that the Clerk of the Committee be asked to communicate with him, advising him to be here Monday morning, and to get in touch with me, and I will find out what he wants to say. That was the course adopted by the committee in regard to Mr. Cantin. I shall endeavour to boil the thing down and find out whether there is anything of interest which is properly the subject of interest, and if there is, perhaps he could appear and give evidence.

Mr. GARDINER: I might say in explanation of Mr. White's statement just now that I got this telegram a moment ago from Montreal. I have never met Mr. Bergevin. He states that certain evidence has been given here which is quite incorrect, and he desires to appear before this committee to be heard. I move, Mr. Chairman, that he be called for Monday morning.

Mr. WHITE: Mr. Griffith was to furnish us at Mr. Gardiner's request with a list of the shareholders of the Beauharnois Corporation. May we have that now.

Mr. Griffith furnishes a list of Class A shareholders, from the National Trust Company Limited, Montreal Office, as of May 30, 1931, of the Beauharnois Power Corporation Limited.

Exhibit No. 108—List of Class A Shareholders, Beauharnois Power Corporation Limited.

Mr. WHITE: Then Mr. Griffith was to ascertain what the exact date of the beginning of the excavation of the canal was with embankments 3,300 feet apart.

Hon. Mr. MACKENZIE: Mr. Henry was to give us that.

Mr. WHITE: Have you got that, Mr. Henry?

Mr. HENRY: Actual construction on the north embankment was commenced on August 7th, 1929, in the vicinity of Lake St. Francis. Actual construction on the south embankment was commenced on April 23, 1930.

Mr. WHITE: Can you tell us how much excavation was done in 1929?

Mr. HENRY: In terms of yards?

Mr. WHITE: Yes.

Mr. HENRY: I am afraid I cannot.

Mr. WHITE: I would like to recall Mr. Sweezey.



ROBERT OLIVER SWEEZEY, recalled.

*By Mr. White:*

Q. You are already sworn, Mr. Sweezy?—A. Yes, sir.

Q. We have now arrived at a stage of these proceedings when I wish to take up with you the question of contributions of campaign funds.—A. Yes, sir.

Q. And I would like you to tell the committee what contributions you and your associates in the Beauharnois project, so far as your knowledge extends, have made.—A. Well, contributions were made by myself personally, and to some extent by the company. Those made by the company I would like to refer you to Mr. Griffith who could be accurate in the thing. Contributions by myself were made somewhat in a confused way. I cannot tell you, probably never could tell precisely the amounts that I have contributed.

Q. Yes?—A. We have contributed to several parties.

Q. I am only referring now, you understand, to Federal contributions?—A. I understand.

Mr. JACOBS: Why do you restrict it, Mr. White?

Hon. Mr. MACKENZIE: Get them all out.

Mr. WHITE: I do not know whether we are concerned with provincial contributions. If what is bothering my friend is the question of any Ontario contributions I shall be very glad to open that up to the fullest extent.

Mr. JACOBS: Why do you want to open it up in Ontario any more than any other place?

Mr. WHITE: I am not suggesting that. As you know, Mr. Chairman, there has been a very considerable objection here to any interference or inquiry into matters affecting the Quebec Legislature. So far as I am concerned, I am perfectly agreeable to that objection being given effect to. I am entirely in the hands of the committee, and it is only because of the objections that have been made here from time to time by counsel representing the province of Quebec that I have taken that view.

Hon. Mr. MACKENZIE: If we are going to have anything about campaign funds I think we should have all campaign funds and from every source.

Mr. WHITE: That suits me. Of course, it is quite open to any member of the committee, I assume, to ask any questions in respect to the subject matter of campaign funds, and I was following what to me appeared to be the proper course and, of course, as counsel for the committee I am always subject to the direction of the committee.

Mr. LENNOX: I think the public perhaps will be more interested in campaign funds than they will in the amounts paid to the individuals. I am with Mr. Mackenzie, open it up, go to it.

The CHAIRMAN: I got the impression, rightly or wrongly, that we did not have any campaign funds.

Mr. JACOBS: Do you claim, Mr. Chairman, that they were abolished by Order in Council or by Act of Parliament?

The CHAIRMAN: Is Mr. Cannon here?

Mr. STARR: Mr. Hogg is here representing the province of Ontario.

The CHAIRMAN: His name is not on the record, how do you know that, Mr. Starr?

Mr. STARR: Mr. Hogg told me.

The CHAIRMAN: I think it would have been better if he had made himself known.

Hon. Mr. MACKENZIE: I think so too.

Mr. JACOBS: Is Mr. Hogg here?

Mr. Hogg: Yes, Mr. Chairman. I was instructed by the Deputy Attorney General of Ontario just to watch these proceedings more on account of the point of contact through the power contract with the Beauharnois Company. I have had no instructions in any other respect.

Mr. WHITE: It will probably be desirable, in view of what has been said, if Mr. Hogg were asked briefly whether at this stage he desires to intervene.

The CHAIRMAN: Well, he would not intervene under his instructions. He was sent here apparently by the Deputy Attorney General of the province of Ontario to watch these proceedings from the standpoint of the Hydro Electric contract, what bearing it might have on that.

Mr. HOGG: Yes, Mr. Chairman.

The CHAIRMAN: Those are your instructions?

Mr. HOGG: Those are my instructions, but if some other point affecting the province is liable to be taken up I would ask the opportunity to consult my principals.

The CHAIRMAN: Well, the fullest opportunity will be given.

Mr. WHITE: I do not suppose the Deputy Attorney General of Ontario is concerned with the subject of campaign funds.

The CHAIRMAN: Well, let us get on with this.

Mr. LENNOX: Yes, let us go ahead.

*By Mr. White:*

Q. Just tell the story in your own way, Mr. Sweezy?—A. May I ask the Secretary to give you the story as regards the company.

Q. I am asking you to tell us what you know?—A. I do not know anything precise, sir, as regards the company's contribution, and I think as regards my own—as I have already stated—I cannot be precise. I have given from time to time from my personal account to the Liberal party and some to the Conservatives.

Q. How much did you give to the Liberal party?—A. It would be somewhere around \$600,000 or \$700,000.

Q. And through whom did you contribute it?—A. I contributed to the collector whom I understood to be the organizer for the Liberal party.

Q. Who?—A. Senator Haydon and to Senator Raymond.

Q. How much to each, roughly?—A. Well, I cannot tell you. I do not know. It was done promiscuously to one or to the other, but evidently both had a knowledge of it on each occasion.

Q. And does that sum include any sum which you contributed, or which you say the company may have contributed?—A. There may be a little confusion in there, in some one or two small items. I have not worked it out to see whether part of it is marked as from the company or not, and I have some difficulty in working that out because of my own confusion. It was a very distasteful thing to me, and I purposely preferred not to know or remember much about it.

Q. Perhaps you can tell the committee your best idea as to the total contribution to the Liberal party through these two gentlemen?—A. Well, I would say that through these two gentlemen it would approximate probably \$600,000 from me, and—really till I get Mr. Griffith's figures I would only be guessing at it.

*By Mr. Lennox:*

Q. Give us your best guess?—A. Well, my best guess would probably be another \$100,000, perhaps more.

*By Mr. White:*

Q. So that the total contributions would run up well over \$700,000?—A. Yes.

Q. Then you spoke of contributions to the Conservative party. By the way, during what period were those contributions of which you have spoken made?—A. Oh, they were sometime prior to the last election, the last Federal election, not very long before.

Q. That was July 28th last?—A. Well, it was sometime previous to that.

*By Mr. Lennox:*

Q. What do you mean by "some time"?—A. Well, a matter of a few weeks. I could not deliver that amount of money in one fell swoop individually. I had to scratch it up where I could and from time to time.

*By Mr. White:*

Q. Then you spoke of contributions to the Conservative party. What amounts were they and to whom were they paid?—A. They were small amounts. Some of them were to help personal friends whom I had been helping, as a matter of fact, for a number of years in their campaign work.

Q. Tell us who they were and the amounts they got?—A. I contributed to Mr. Leslie Boyd on behalf of Mr. Bell's campaign.

Q. Mr. Leslie Bell's?—A. Yes at one time \$5,000 and some other amounts from time to time which I don't remember. At one time \$1,000 and sometimes smaller, varying from that amount. But in the total it did not amount to very much.

*By Mr. Lennox:*

Q. And, in justice to Mr. Bell, I think in his return he incorporated that?—A. I understand he declared it. He told me he would at the time.

The CHAIRMAN: What do you mean by his return, his election return?

The WITNESS: I understand some kind of form or return he has to make.

*By Mr. White:*

Q. And then who else if anybody?—A. Well, still speaking of Federal campaign funds, I do not recall of any specific—oh, yes I contributed to General McCuaig who, I understood, was the collector for the Conservative campaign fund in Montreal.

Q. How much?—A. \$10,000.

Q. Anybody else?

Mr. LENNOX: You did not treat us very generously.

Mr. JACOBS: They had other sources upon which they could draw.

Mr. LENNOX: How do you know.

Hon. Mr. MACKENZIE: We do know and you will hear about them too. Wait until we call Dominion Textiles.

Mr. JACOBS: The fact that the party is in power is some indication.

The WITNESS: They did not press me so hard, sir.

*By Mr. White:*

Q. Then who else, if anybody?—A. I do not recall anybody at the moment. As I pointed out before—I would like to add this that those were personal contributions and they did not in any way come out of the company's \$30,000,000 of financing.

Q. Which were?—A. I mean those contributions I have just spoken of.

Q. All of them?—A. They were personal contributions.



Q. Or are you speaking of the contributions to Mr. Bell and General McCuaig only?—A. Well, these are my own personal accounts. Now, some of these may be reported by Mr. Griffith; there is a little bit of confusion in my mind; but whatever difference there is as between what Mr. Griffith may report and I report is comparatively small, and I am not quite clear on which side some of these small amounts sit. What I want to say is, that all these contributions, like the contributions already referred to, made by certain members of the syndicate, came from friends entirely outside of the company. For instance, when I paid that money I paid for it with money of my own, which I had or acquired from friends.

*By Mr. Lennox:*

Q. It is safe to assume that if you were not interested in the Beauharnois project they would never have got \$600,000 from you?—A. I don't expect so. And what I want to make clear, for the sake of the bondholders, is that none of this money came from the bondholders.

Q. Have you told us all of the Federal contributions?—A. Yes, sir.

Q. Was there any proposal indicating a contribution to the Federal campaign fund through its organizer, General McRae?—A. Yes, a proposal came to me at one time to make a contribution.

Q. Of how much?—A. Of \$200,000.

Q. Was it made?—A. No.

Q. Why?—A. I do not know what happened.

Q. I understand that Mr. Bennett would not accept it?—A. I do not know that, but I presume that may be so.

Hon. Mr. MACKENZIE: It must have been gotten from some other place.

Mr. WHITE: I am not going to get into any argument or discussion with the members of the committee about that, I do not think, however, that it is to be assumed that it was gotten some other place.

Hon. Mr. MACKENZIE: Not only assumed; it will be proven.

Mr. WHITE: All right.

Mr. LENNOX: No doubt you will be able to prove it in view of what you have just said.

Hon. Mr. MACKENZIE: Not in this committee.

Mr. LENNOX: I do not think you should make such a statement unless you have evidence to support it.

*By Mr. White:*

Q. Inasmuch as it has been suggested that we go into the matter of provincial campaign funds, was any political contribution made to the Ontario Conservative Party?—A. Yes; again Mr. Griffith can give you particulars on that. I know we made a contribution to someone who represented himself as standing up for an Ontario fund of this kind.

Q. To whom did he make those representations?—A. To me.

Q. To you?—A. Yes, sir.

Q. And what did he say to you in that regard?—A. That he thought that a contribution would be in order to the Ontario Conservative Party because we would probably be having a lot more dealings with the Ontario people, and that gratefulness was always regarded as an important factor in dealing with democratic governments.

Q. How much was the amount?—A. \$125,000. That came from the company.

Q. How was the contribution made?—A. In Victory bonds.

Q. Can you furnish me with the numbers of them?—A. Yes; I have not got them here, but Mr. Griffith can furnish them.

Q. To whom were they delivered?—A. To Mr. John Aird, Jr., of Toronto.

*By Mr. Lennox:*

Q. When?—A. I do not know the exact date, but Mr. Griffith again can furnish that information.

*By Mr. Jacobs:*

Q. Immediately preceding the general election in Ontario?—A. No; I think it was some time after.

Q. After?—A. I am not sure about that. When you get on to dates I am very confused.

*By Mr. White:*

Q. It has been suggested, Mr. Sweezey, that the Hon. Howard Ferguson benefited personally by some contribution from your company?

Mr. JACOBS: Who suggested that?

Mr. WHITE: It has been suggested in the Toronto Globe, and other places.

Q. What do you say as to that?—A. Not as far as I know. I certainly had no dealings with the Hon. Mr. Ferguson, nor did I ever know of any money going to him.

Q. Do you know as a fact whether he has participated to any extent whatever in this \$125,000 item of which you speak?—A. I certainly do not know anything of the kind.

Q. Has it been demonstrated to your satisfaction that he has not?—A. Well, it has been demonstrated to me that the funds referred to were certainly not in the hands of Mr. Ferguson or anybody like him.

Mr. JACOBS: There is no person like Mr. Ferguson. He is in a class by himself.

Mr. WHITE: I do not know whether I should pursue this line of inquiry any further at this stage in the absence of Mr. Cannon, Mr. Chairman.

The CHAIRMAN: I wonder where Mr. Cannon is.

Mr. WHITE: I do not know.

The CHAIRMAN: Is Mr. Aird in the room?

Mr. WHITE: Yes.

Mr. DORION: Ask him about the Province of Quebec.

Mr. WHITE: In the absence of Mr. Cannon?

Mr. DORION: Never mind Mr. Cannon.

Mr. WHITE: Very well.

Q. What contribution was made to the Quebec Provincial Party in connection with the Beauharnois project?—A. Contributions were made to both parties in Quebec. I am unable to state how much went to Quebec because in delivering securities to Senator Raymond and Senator Haydon we expressed the hope that some of those would be for the Province of Quebec, but we have no knowledge of how much went to the Province of Quebec.

Q. Can you tell me approximately how much was given to Senator Raymond?—A. No, because I never took account of what was delivered to one or to the other; I could not say within a very wide margin.

Q. A considerable amount?—A. Yes, I think it was a considerable amount of the total I spoke of.

Q. Could you give us some idea of the proportion of the total?—A. It might have been a couple of hundred thousand dollars of it, but again I qualify that by saying I do not recall just how much.

*By the Chairman:*

Q. Just at this juncture, so that it will not slip my memory, you stated, Mr. Sweezey, with respect to the parties in Quebec that in giving these funds to Senator Raymond and Senator Haydon you expressed your wish or hope that the parties in Quebec would benefit—

Mr. WHITE: "Participate."

Mr. JACOBS: Both parties?

The WITNESS: No, the Liberal Party in Quebec.

Mr. WHITE: I was just going to ask if Mr. Sweezey intended us to understand that he was giving these contributions to Senator Raymond and Haydon for the Conservative Party.

Mr. JACOBS: When you refer to the two principal parties who are interested in the political welfare of this country I do not think you should overlook the Progressive Party.

Mr. WHITE: I have no intention of doing so.

Mr. JACOBS: I am here to see that justice is done to everyone.

Mr. WHITE: I shall cover that in a moment, sir.

Mr. JACOBS: Thank you.

Mr. WHITE: Perhaps you may think it was cold justice when you hear the amount.

Q. Outside of the contributions that were expected to be participated in out of the funds furnished by you to Senator Raymond and Senator Haydon were other contributions, to your knowledge, made to Quebec political campaign funds?—A. Some were made to the Conservative Party in Quebec.

Q. How much?—A. I think it was about \$30,000, but again I refer you to Mr. Griffith for the correct amount.

Q. And how much to the other side, if anything, outside of the contributions through these two Senators?—A. I do not know of any.

Q. You do not know of any?—A. No.

The CHAIRMAN: To the Liberal Party?

*By Mr. Lennox:*

Q. Besides what you gave to the two Senators?—A. That is all we gave; they were designated to us as the accredited men.

Q. Were these amounts paid at the same time?—A. No, they were spread over a period; I could not have paid it all at once.

*By Mr. White:*

Q. While I think of it, and before I take this matter up with some detail, were any contributions made to the Ontario Liberal Party?—A. Oh, trifling amounts.

Mr. JACOBS: According to what they deserved, I suppose?

Mr. WHITE: You mean the parties and not the contributions.

*By Mr. Jacobs:*

Q. The party?—A. I do not recall exactly; it might have been \$1,000 or \$2,000 or \$3,000.



*By Mr. White:*

Q. To whom was that given?—A. That was contributed to Mr. Parker.

Q. W. R. P. Parker?—A. Yes.

Q. Were those items charged to legal expenses?—A. No; that was work that Mr. Parker did.

*By Mr. Lennox:*

Q. Is Mr. Parker interested in the Beauharnois Company?—A. Not to my knowledge. He got the fee as a retainer for some work he was doing in Toronto, but that had nothing to do with this case.

Mr. LENNOX: Parker was President of the Ontario Liberal Association.

Hon. Mr. MACKENZIE: Is Mr. Lennox desirous of giving evidence now?

Mr. LENNOX: No, but don't you want the information?

Hon. Mr. MACKENZIE: Certainly, and we are getting it too.

Mr. JACOBS: Men who get only \$1,000 should be removed from office; it is absurd.

*By Mr. Lennox:*

Q. You said Senators Raymond and Haydon were designated as the proper persons to whom you should pay this fund. Who designated them?—A. Nobody specifically designated them; I just happened to know it; they came and told me they were.

*By Mr. White:*

Q. There is an item here, cheque No. 1785 of the Marquette Investment Corporation, dated 17th March, 1931, payable to cash and endorsed by you and charged to accounts receivable, for \$20,000. Tell me what became of that sum?—A. What is the date of that?

Q. March 17, 1931?—A. I think probably that must be the item contributed to the Conservative Party in Quebec.

*By Mr. Jacobs:*

Q. Who got that?—A. That went to the funds of the Conservative party.

Q. Who received the money?—A. Mr. Cartier; I understood it was on behalf of Mr. Houde's party.

*By Mr. White:*

Q. Then the \$120,000 item which I see here—you said \$125,000—which was a profit made by Mr. Griffith on 8,000 shares of Marquette Construction Company which you purchased for \$5 a share and sold to the Beauharnois Construction Company for \$20 a share—is that correct?—A. Mr. Griffith will have to speak for himself on that because I did not know the details and particulars.

Q. Have you any doubt as to the correctness of it?—A. Since you mention it there I am quite satisfied it must be so.

Q. And I suggest to you that it was charged to Property, Roads and Interest account of the Beauharnois Company?—A. That may be so.

Q. And that is how the funds for the purchase of the bonds which you have spoken of were produced?—A. Yes.

Mr. LENNOX: Are we going to get the numbers of these bonds?

Mr. WHITE: Oh, yes.

Q. I see also an item of \$157,121.20 under the account of the National Press Limited as at 31st December, 1930?—A. What is the amount?

Q. \$157,121.20?—A. Yes, sir.

Q. I suggest to you that on June 4, 1930, \$194,000 of Dominion of Canada bonds were purchased from the Dominion Securities Corporation. What do you say as to that?—A. That is part of the funds Mr. Griffiths will explain to you. I would not attempt to explain it because I would be completely confused.

Q. I show you a cheque dated June 4, 1930, of the Marquette Investment Corporation, payable to Dominion Securities Corporation for \$199,512.16. Do you recognize the signatures?—A. Yes.

Q. And apparently it is endorsed with a rubber stamp by the Dominion Securities Corporation, payable to the order of the Canadian Bank of Commerce, and the voucher attached to it is for \$44,000 of Dominion of Canada 5½ per cent 1934 bonds and \$150,000 of Dominion of Canada 5½ per cent 1933 bonds?—A. Yes.

Q. I suggest to you that the \$150,000 of bonds were used for the purpose of political contributions. What do you say as to that?—A. I believe so.

Q. To whom?—A. Again I do not know the details of that special delivery and must refer you to Mr. Griffith.

Mr. LENNOX: I think you said \$150,000 went to political circles.

Mr. WHITE: Yes. I understand the balance came back to the company.

#### EXHIBIT NO. 109

Marquette Investment Corporation cheque, dated June 4, 1930, for \$199,512.16, payable to Dominion Securities Corporation.

Voucher for \$44,000 of Dominion of Canada 5½ per cent, 1934 bonds and \$150,000 Dominion of Canada 5½ per cent, 1933 bonds.

*By Mr. White:*

Q. I suggest to you that \$44,000 came back, and there was a declaration and defineney of \$20,000, and that is how the \$20,000 that you spoke of as a contribution to the Conservative Party was procured?—A. I do not know just how the entries were made up, that may be so.

Mr. FORSYTHE: Before my friend, Mr. White, proceeds with the examination, in fairness to Mr. Swezey, I would ask that a record be made in the minutes that with respect to any contributions and any evidence given in respect to those contributions made, that Mr. Swezey receive the benefit of the provisions of the Canada Evidence Act.

The CHAIRMAN: I had that in mind, I was just going to bring it out. I think he certainly should receive the benefit of it.

Mr. FORSYTHE: It was perhaps my own stupidity that caused me not to ask for it before. I think the committee, in fairness to Mr. Swezey, should date it back to the evidence he has given.

Mr. WHITE: It had better be done in the proper form.

Mr. LENNOX: Is there anything illegal in that? I did not know.

Mr. WHITE: I know you did not know.

Mr. FORSYTHE: Whether legal or illegal, there is no harm in Mr. Swezey having the benefit of the provisions of the Act. I think the proper proceeding is that he himself should ask for the protection of the Act.

Mr. WHITE: That is not quite it. If you will allow me, I will cover it. The proper course is for Mr. Swezey to object to answer the question on the grounds that it may incriminate him, or tend to expose him to civil proceedings, and that if he is forced to answer the question, or required to answer the question by the committee, the committee can then say that what he does say shall not be

used against him; that any evidence which he gives shall not be used against him in any subsequent civil or criminal proceedings, except one for perjury in the giving of the evidence. I may say I have recently been through that very fully, and I happen to be familiar with the practice.

Mr. FORSYTHE: In the halcyon days when I was running around in the fair Province of Nova Scotia, it frequently became necessary for clients put on the defence to ask for such protection, and while I do not quarrel with Mr. White's suggestion, his views and mine do not exactly coincide.

Mr. WHITE: It is understood that Mr. Sweezey has objected to answer on these grounds, and that he is compelled to answer, and that the committee has ruled that this evidence shall not be used against him in any subsequent criminal or civil proceedings.

The CHAIRMAN: Except for perjury.

Mr. WHITE: Except for perjury.

The CHAIRMAN: Is the committee content? Agreed.

Mr. FORSYTHE: May I suggest that I be permitted to meet with my learned friend, Mr. White, so that we can have the protection entered at the proper place in the evidence.

The CHAIRMAN: Quite so.

*By Mr. White:*

Q. Apart from what you have told us, you are familiar I take it, with the report of your auditors for the year ended December 31, 1930, dated March 7, 1931?—A. Yes.

Q. I have been handed a copy, Mr. Chairman, of the report by the representative of Price-Waterhouse and Company which has been furnished by Messrs. P. S. Ross & Sons, and that report is this:—

We have audited the books of account of Marquette Investment Corporation for the year ended December 31, 1930, subject to substantiation of the value of the general accounts receivable. We are of the opinion that the attached balance sheet together with relative revenue and surplus account are properly drawn up so as to exhibit a true and correct view of the financial position of your corporation at December 31, 1930, according to the information and explanation received by us and as shown by the books of the corporation.

So that the report is, subject to the qualification as to accounts receivable, this amount that I have just spoken of?—A. That is correct.

Q. Now, are there any further political contributions that you have made, other than the ones you have just mentioned?—A. I do not recall them.

Q. Because I want to get right to the bottom of it. It was suggested by Mr. Jacobs that you be asked if you had made any contribution to the Progressive party, the Labour Party—

Mr. JACOBS: They are not constituted to receive contributions. They could only do in a personal capacity. They are a new party and not highly organized.

Mr. WHITE: Not highly organized.

The WITNESS: I am sorry to say I forgot Mr. Gardiner's party when we were dealing with contributions, or Mr. Gardiner must have forgotten me.

Q. Were any payments made to any member of that party at any time?—A. I, at one time—after Mr. Gardiner's attack on Beauharnois last year, was rather anxious that he, Mr. Gardiner, or some members of his party should come down to look over the works and see what there was. I felt that there were a great many unfair things said about us, and if I could get them down



there to see, they would perhaps change their minds. I sent a man out West to try to interview them and induce them to come, and he had to make two trips; and then I got Dr. Hodson, of Winnipeg, to induce them further with the possibility of getting these gentlemen to come East—

Q. Did Dr. Hodson have some connection with National Press Limited at that time?—A. No, except as an occasional caller at the place, I believe, or a visitor.

*By Mr. Jacobs:*

Q. Who is Dr. Hodson?—A. He is, I understand, the President of the Conservative Association in Manitoba.

*By Mr. White:*

Q. Yes. Was he doing some work with you in connection with the National Press Limited?—A. Yes, and he was also—

Q. The National Press Limited was an organization, I understand, which acquired control of several newspapers in the West?—A. Yes.

Q. Foreign newspapers?—A. Yes. And the way the National Press comes into this picture is in borrowing from the Marquette Investment Company, in putting the stock of the National Press Limited as collateral for the loan. That is how the name National Press, comes in.

Q. In other words— —A. It was just merely a stock put up as collateral for a loan.

Q. A loan which you obtained from Marquette Investment?—A. Yes.

Q. In order to enable you to make those contributions?—A. Yes.

Mr. JACOBS: Let Mr. Swezey continue.

The WITNESS: Now, as I said, in making these attempts to have a visit from these gentlemen from the West, I had to pay the expenses of Dr. Hodson and of another man whom I sent out there on two occasions, and I gave \$2,000 to Dr. Hodson for that purpose. Now, as he had to pay his own expenses, and as I said, on two or three trips, and the three gentlemen in question finally did come. The three of them came to see us—

*By Mr. Jacobs:*

Q. Who were they?—A. Mr. Campbell, Mr. Irvine and Mr. Garland.

Q. Mr. Garland the member for Bow River?—A. Yes. We paid their hotel expenses.

Q. Did you pay them any cash?—A. No, sir.

Q. Nobody paid them any cash or bonds?—A. No, sir. Nobody paid them any cash.

Q. Dr. Hodson was given \$2,000 to defray— —A. That was for the expenses of Dickinson and himself, and the trips that he had to make from Winnipeg and various points in the West to see these gentlemen.

Q. And the expenses of those trips——A. I do not know what he——

Q. Yes?—A. We paid the hotel expenses, and I presume Dr. Hodson himself paid their other expenses.

Q. As a matter of fact, was there not an amount of \$150 paid each of these three gentlemen?—A. I do not know what may have been paid them. If there was \$150 paid them, it was for their expenses. I want it to be clearly understood, there was nothing paid to these gentlemen as far as we were concerned. I considered them honourable gentlemen, and they came to visit us, and the imputation that they received money from us is a very evil one.

Q. The \$2,000 was given by you to Dr. Hodson?—A. Yes.

Q. And that was, as I take it, to defray all expenses, so far as you are concerned in connection with the trip East?—A. Yes.

Q. Did you get a detailed voucher from him as to what the \$2,000 covered?  
—A. No, sir.

Q. Did you get a detailed voucher from him as to what the \$2,000 covered?  
—A. No, sir: I did not ask him for it. I know he had done a lot of work for me in various ways. I expect the \$2,000 covered that as well as the expenses for these gentlemen.

Q. And the three members who visited the works on that occasion were the ones you have stated?—A. Yes.

Q. Now, was there any other contribution made by you or any of the Beauharnois Companies to any political party or group or to any person on behalf of such, other than the ones you have now told us about?—A. I do not recall any, sir.

Q. Are you satisfied you have told me all of them?—A. I think I have so far as the confused state of my mind goes, because as I started out to say I was very much confused in this and I was desirous of not remembering it any more than I could help.

Q. Your memory does not quite obey your will?—A. I cannot help remembering the amount. What I mean is I cannot furnish details of these transactions.

Q. I see.

*By Mr. Lennox:*

Q. The cheque is for \$199,512.16 while the voucher is for \$194,000—A. The bonds probably were at a premium.

Q. And you attribute the difference to——A. To probably the premium on the bonds, or the interest. I don't know.

The CHAIRMAN: Does anybody desire to ask Mr. Sweezey any further question?

Witness retired.

Mr. WHITE: Is it the desire of the committee to hear Mr. Griffith.

HUGH GRIFFITH, recalled.

*By Mr. White:*

Q. You are already sworn, Mr. Griffith?—A. Yes.

Q. Mr. SWEZEY has referred us to you for greater certainty in this matter.

Mr. FORSYTHE: I take it that the same objection is taken by Mr. Griffith with respect to any contributions, and that the same ruling will follow.

Mr. WHITE: I am content. That is you object to answering on the ground that your answers may tend to incriminate you or expose you to civil proceedings?

WITNESS: I do.

Mr. WHITE: And you ask to be protected under Section 5 of the Canada Evidence Act?

WITNESS: I do.

Mr. WHITE: And the committee rules, I understand——

The CHAIRMAN: That protection be given.

Mr. WHITE: —that anything that you say in respect to this subject shall not be used against you in any subsequent criminal or civil proceedings, except a proceeding for perjury, in the giving of this evidence.

*By Mr. White:*

Q. Can you tell us the amount contributed, taking it in the order in which Mr. Sweezey gave it to us—the exact amount contributed by the company to Senator Haydon and Senator Raymond for the campaign funds of their party?

—A. I am afraid, Mr. Chairman, I am not prepared to give the figures with the degree of exactness or correctness that would be required. I can prepare myself and make such a statement. I regret to say that to the best of my knowledge—and I think it is fairly complete—Mr. Sweezey has correctly reported all of the campaign fund contributions which he or this organization have made.

*By Mr. Lennox:*

Q. What do you put the total at?—A. The total?

Q. Yes?—A. The total from company funds?

Q. Through Senator Haydon?—A. The total from company funds is approximately \$295,000.

*By Mr. White:*

Q. You mean the contribution to the Liberal party?—A. The various amounts which the company gave to all or any party totals \$295,000.

Q. I asked how much of that went to the Liberal party through Senator Raymond or Senator Haydon?—A. That is a question, sir, which I would have to prepare myself before I could answer with any degree of certainty. I think—perhaps you would prefer me not to answer—

*By Mr. Lennox:*

Q. You think what?—A. I think \$120,000.

Q. Went to the Liberal party?—A. Yes. There is naturally some confusion both in Mr. Sweezey's mind and my own as to the distinction of funds from the company and from his personal account. They were made at the same time, and there is some confusion.

*By Mr. White:*

Q. How much to your knowledge, was contributed to the Quebec Provincial Conservative party?

Hon. Mr. CANNON: One moment.

Mr. JACOBS: Mr. Cannon, this is the Conservative party.

Hon. Mr. CANNON: Whether it is the Conservative party or the Liberal party, it makes no difference; the principle is the same. If this committee wishes to take upon itself—

The CHAIRMAN: The interest is not the same, although the principle may be the same.

Hon. Mr. CANNON: If the committee wishes to take upon itself to investigate Quebec matters, it is for the committee to decide.

Mr. WHITE: Unfortunately, Mr. Cannon, in your absence the committee did decide.

Hon. Mr. CANNON: Yes, I was rather surprised that my learned friend in my absence took upon himself to bring that evidence when he knew I was interested.

Mr. WHITE: Don't blame me, because I suggested to the committee that we wait until you got here, and they did not wait for you.

Hon. Mr. CANNON: I am sorry the committee decided otherwise.

Mr. WHITE: Don't blame it on me; I have enough sins to answer for.

Hon. Mr. CANNON: In my province the ethics of the profession are generally observed.



Mr. WHITE: My learned friend must not make that insinuation and allow it to go out in the press. I ask you, Mr. Chairman—and I think I am in the judgment of the committee—as to whether in my conduct of your business here I have not observed in the strictest sense the ethics of the profession?

Hon. Mr. CANNON: If my hon. friend will allow me, I do not wish to reflect in any way upon my hon. friend. All through the investigation—

Mr. WHITE: The unfortunate part of it was that you left it open to that construction.

Hon. Mr. CANNON: If I did I withdraw it.

Mr. WHITE: That is very good of you.

Hon. Mr. CANNON: I will not have my hon. friend think for one moment that I wanted to reflect on him in any way.

The CHAIRMAN: When you were absent this morning, Mr. Cannon, this matter of contributions to the party funds came under review with Mr. Sweezy. I think I raised the point that it was desirable that you be here before we said anything about anyone in the Province of Quebec. Mr. Mackenzie of the committee made his position quite clear that no one should be exempted from investigation. Frankly, my view was and is the same as Mr. Mackenzie's, although I confess that there may be grave doubts as to whether this committee has any right to go into inter-departmental things in the Province of Quebec. We have refrained from doing that, but it was because of the view expressed by members of the committee that there was no such sanctity—I am using that word in connection with political parties themselves in any province—that we could scarcely extend the ruling, or I might say, torture the ruling to protect political parties as such. I did, at one time, have a very high regard for all political parties, and I hope I will be able to continue to think they are all right.

Mr. JACOBS: You should have more regard for them now than ever.

The CHAIRMAN: Why?

Mr. JACOBS: Because of their activities.

Hon. Mr. MACKENZIE: I took the stand that any campaign fund at all, so far as it affected the Beauharnois project, should be placed before the committee. I do not think we have any right at all to investigate the affairs of the Province of Quebec or the Province of Ontario. I think we have the right to investigate the transaction as far as the Beauharnois project is concerned under our term of reference.

The CHAIRMAN: That is my view.

*By Mr. Lennox:*

Q. Approximately how much money did the Federal party—Liberal party—get either through Mr. Sweezy or through the Beauharnois Company, or through both?—A. Subject to qualification, that part of it may have been—I will not say diverted—but passed to the Liberal party of the Province of Quebec.

Mr. JACOBS: Contributed is the word.

WITNESS: Contributed.

The WITNESS: The amount of between \$700,000 and \$750,000 covers the total contribution. I can only give evidence in regard to the company contributions with any degree of accuracy.

*By Mr. Lennox:*

Q. I am speaking of the Federal Conservative party. Were there any contributions made by the company to the Conservative party at the last

election or at any other time?—A. There was a total, I think, of \$25,000 which was given, as Mr. Sweezey has testified, to the Conservative organization.

The CHAIRMAN: No, he said to friends whom he had helped before. And he named one, Mr. Leslie Bell.

The WITNESS: That is right. In our mind, I may say they were regarded as a contribution to the Conservative organization.

*By Hon. Mr. Mackenzie:*

Q. Was not there anybody else outside of Mr. Bell?—A. General Eric McQuaig and Mr. Cartier.

Q. There was no other candidate for the House of Commons except Mr. Bell?—A. Oh, no.

Q. Will you tell us about that interview you had with General McRae?—A. Unfortunately I was not present.

Q. Mr. Sweezey was?—A. I don't know whether he was or not. It was reported to us—

Q. What was reported to you?

Mr. WHITE: Surely, Mr. Chairman—

Hon. Mr. MACKENZIE: We have had lots of that in this investigation.

Q. What is your conception of the discussion with General McRae in regard to the contribution of \$200,000.

Mr. WHITE: Of course, you are taking evidence that is not under oath.

Hon. Mr. MACKENZIE: It is under oath. We have had lots of that same sort of evidence in this inquiry. It is a rather surprising situation when a member of this committee is being corrected by counsel who is not a member of the committee. Your business is to get out the truth and the whole truth.

Mr. WHITE: And I think the proper thing to do would be to ask the gentleman who was present.

Hon. Mr. MACKENZIE: I do not need to be told by you or any other counsel how it is to be done.

Mr. WHITE: I hope I am not in any way running contrary to the opinion of the committee when I say that I suggest—and I think I am fulfilling my duty when I do suggest—that the proper way to get this particular evidence, on a matter of vital importance, is to have it first-hand and not to accept evidence of a report of what happened from somebody else.

Mr. LENNOX: You are on solid ground, Mr. White.

Hon. Mr. MACKENZIE: We have had lots of that sort of thing during this investigation.

Q. What is your understanding of the interview with General McRae?

The CHAIRMAN: I would not allow that in with Mr. Sweezey present, the man who was present at the interview.

The WITNESS: I can only say my understanding as Mr. Sweezey testified.

*By Mr. Jacobs:*

Q. You were not present?—A. No, I was not present.

*By Hon. Mr. Mackenzie:*

Q. Was Sir Herbert Holt mixed up in that interview at all?

The CHAIRMAN: He was not there.

Hon. Mr. MACKENZIE: The Chairman seems to know more than I know about this. I am asking if Sir Herbert Holt was there.

The CHAIRMAN: How can he tell when he was not present himself.

Hon. Mr. MACKENZIE: There has been a lot of hearsay evidence allowed in this investigation.

Q. Was he mixed up in this transaction in any way, directly or indirectly?—A. I would like to answer with complete frankness, and yet I hesitate to give information of which I have no absolute knowledge.

*By Mr. Jacobs:*

Q. Who has absolute knowledge?

*By the Chairman:*

Q. Who would know? Would Mr. Swezey know?

*By Mr. Jacobs:*

Q. Was there a reception committee to receive Sir Herbert Holt when he came?—A. Oh, no. I would not go so far as to say that.

*By Hon. Mr. Mackenzie:*

Q. Does Sir Herbert Holt have an interest in the Beauharnois at the present time?—A. Not to my knowledge.

Q. Does he own any shares?—A. What do you mean by Sir Herbert Holt?

Q. Well, by himself, or by his agent, servant, secretary or otherwise?—A. Well, to the best of my knowledge he has not.

Hon. Mr. MACKENZIE: Well, we had better call his secretary, Mr. Codin.

Mr. LENNOX: I do not see how any discussion arises over Holt. His name has not been mentioned in any way.

Mr. JACOBS: It may be.

Q. Why do you seem to hedge so much in giving your testimony on this matter, Mr. Griffith? You have been pretty frank up to the present time?—A. And I hope I will continue to be frank. I have been asked to give with a greater degree of exactitude than Mr. Swezey was able to give, particulars about the contributions which either he or the company made to various parties. I think I realize the importance and the significance of the kind of evidence which is involved and I would like to give it with extreme accuracy or else not give it at all, because I am quite willing to place at the disposal of the committee all that I know, and I think the committee realizes that I have done that insofar as the books of this company are concerned, and all of its records from beginning to end of the inquiry. I will continue to do it. But now, more than ever, I think I feel a responsibility for giving my evidence with absolute accuracy or else not giving it at all.

Q. You mean as to figures?—A. As to figures and as to individuals. As to motives and reasons I find great difficulty in giving any evidence.

*By Mr. White:*

Q. Was there any contribution to the Liberal party of the province of Quebec other than through Senator Haydon or Senator Raymond?—A. Not to my knowledge.

Mr. CANNON: I would like to have a ruling on this, Mr. Chairman.

Mr. LENNOX: He says not to his knowledge.

Mr. CANNON: I do not care whether he answers or not. My learned friend seems to have a particular liking to the provincial field in this matter.

Mr. WHITE: No, no. My learned friend must not say that. That has not been my attitude.

Mr. LENNOX: He talked about Ontario.

Mr. CANNON: I do not care whether he talked about Ontario or not. My attitude is most simple. I say that insofar as Ontario is concerned, so far as



Quebec is concerned, or insofar as other provinces are concerned, this committee has no jurisdiction to investigate.

The CHAIRMAN: Mr. Cannon, let us get the position made abundantly clear. You are here representing the province of Quebec?

Mr. CANNON: Yes.

The CHAIRMAN: The question has been asked the witness as to whether or not contributions were made to the Liberal party of Quebec other than those moneys which were received through the agency of Senator Haydon and Senator Raymond. You take exception to the witness making answer to that question. I assume you are taking that objection by reason of the position you hold before this inquiry. Now, will you just state to me your reasons in support of your objection?

Mr. CANNON: The reason is very simple, Mr. Chairman. A committee appointed by parliament has the authority which is conferred upon it by its Order of Reference.

The CHAIRMAN: Yes.

Mr. CANNON: And no other.

The CHAIRMAN: Quite.

Mr. CANNON: If you read the Order of Reference, Mr. Chairman, the Order of Reference says that this committee is to investigate, first, the Beauharnois scheme from its inception, but within the jurisdiction of the Dominion.

The CHAIRMAN: Yes. So that the Order of Reference in its terms may be refreshed in your memory, I will refer to it:

To investigate from its inception the Beauharnois project for the development of Hydro Electric energy by the use of the waters of the St Lawrence river so far as the matters referred to are within the jurisdiction of the Parliament of Canada and without restricting the generality of the——

Mr. CANNON: Mr. Chairman, then comes in the question of jurisdiction.

The CHAIRMAN: Quite so, then am I to take it that you are confining your objection to the fact that contributions to the Liberal party funds in the province of Quebec——

Mr. CANNON: And the Conservative party.

The CHAIRMAN: We already have the Conservatives; the Conservatives apparently raise no objection. Am I to take it then that you are confining your objection that contributions to the Liberal party funds are outside the purview of the powers of this committee?

Mr. CANNON: Certainly, no doubt about that.

The CHAIRMAN: I am afraid I cannot agree with you, Mr. Cannon.

Mr. CANNON: Well, I do not want to delay the proceedings. My view has been explained before the committee on several occasions and I will repeat it and put my position very plainly. This committee has the authority and the power which has been given to it by the House of Commons and no other. That power and that authority is contained in the Order of Reference.

The CHAIRMAN: Which says to investigate from its inception this project.

Mr. CANNON: Insofar as you have jurisdiction.

Mr. LENNOX: Does not that mean that we should not go into departmental matters that may arise? But surely there is nothing wrong in asking what contributions were made. That has nothing to do with the Provincial Government that I can see.

Mr. CANNON: The system of government in Canada here under the British North America Act sets up provincial governments and a Dominion government.

The CHAIRMAN: It does not set up Liberal parties and Conservative parties.

Mr. CANNON: No.

The CHAIRMAN: Or even Progressive parties.

Mr. CANNON: That is one thing they did not do. But those governments are not subordinate.

Mr. LENNOX: It seems to me that so long as we do not go into the action of the Quebec government, or the Legislature, whatever it may be, that you have no reason to complain, and we have avoided that consistently.

Mr. CANNON: I have made my position fairly plain, and my objection is that I do not believe that this committee has the right to go into any matters connected with the province of Quebec, not only as regards the Liberal party, as my learned friend Mr. Lennox said, but as regards the Conservative party as well.

Mr. WHITE: Bringing it to its logical conclusion, that means we cannot investigate the project at all because it is all in the province of Quebec.

Mr. LENNOX: I do not think anybody should be protected. We are here as an investigating committee not as a party, and I think that the public demand the fullest investigation, and no person should be protected so far as contributions are concerned. The people want to know it, I want to know it.

Mr. CANNON: In investigating matters which are relevant to this House.

Mr. LENNOX: No, relevant to the project.

Mr. CANNON: No, but I mean relevant to this House.

Mr. LENNOX: This is an investigating committee.

Mr. CANNON: It would not be any use for this committee to investigate matters upon which it has no jurisdiction.

Mr. LENNOX: Don't you think it would be rather——

Mr. CANNON: After all this evidence is in, the committee will have to make a report.

Mr. LENNOX: Do you not think it would be interesting to the committee to know what sums have been contributed to the different parties?

Mr. CANNON: I do not think so.

Mr. LENNOX: Well, I do.

Mr. CANNON: I do not think so, because how can you report on it?

Mr. LENNOX: Of course, that is for the committee to decide.

Mr. CANNON: I know, but after all this investigation is being held for the purpose of bringing in a report. If there is no report there is no use having an investigation.

The CHAIRMAN: And conversely if there is no investigation there is no use having a report.

Mr. CANNON: There is no doubt about that. That is why the committee has been set up, and your authority is defined in your Order of Reference.

The CHAIRMAN: And it is clear.

Mr. CANNON: And that is not in it. It was set up to investigate only matters upon which you had jurisdiction.

The CHAIRMAN: Quite.

Mr. CANNON: Suppose it was found out, for instance, that the Prime Minister of a province, or a government of a province, had done something which should not have been done.

The CHAIRMAN: Just at that point, let me stop you there. When you say the Prime Minister of a province or the government of a province,—if the government of a province as a government has taken any steps in connection with this project that is something peculiar to the government of that province.

Mr. CANNON: Exactly.

The CHAIRMAN: And we have studiously avoided offering criticism, or even investigating the action of a government as a government. But if a Prime Minister of a province does something in his personal capacity then I do not think he can get any relief as far as being protected by this committee is concerned, no matter what province he may be Prime Minister of.

Mr. CANNON: You are perfectly right, Mr. Chairman, providing this committee has a capacity to draw the distinction between his personal capacity, as you have said, and his capacity as Prime Minister of the province.

The CHAIRMAN: I think we are in agreement then, Mr. Cannon.

Mr. CANNON: I think we agree.

The CHAIRMAN: And throughout I have given effect to your judgment, and we are not divided on anything now.

Mr. CANNON: I do not think we are.

The CHAIRMAN: Then let us get on.

*By Mr. White:*

Q. Do you know how much was received by the Liberal Party in Quebec for campaign funds?—A. I do not know.

Q. Who can tell us that? (No answer.)

*By Mr. Dorion:*

Q. What did you say?—A. I said I did not know how much the Liberal Party of the Province of Quebec received.

*By Mr. White:*

Q. Can you tell us who can tell us that? (No answer.)

*By the Chairman:*

Q. The Liberal Party, I suppose?—A. I did not know how to phrase that, but that is the correct answer.

Q. And they won't tell? (No answer.)

*By Mr. White:*

Q. Then I understand that you delivered certain bonds to Mr. John Aird, Jr.?—A. I did.

Q. When?—A. Some time in December, 1929. I cannot give the dates unless I prepare myself.

Q. And what were they?—A. Again I would like to consult my books, but according to my recollection—

Q. I want the numbers and series, and everything connected with it?—A. I am afraid I have not got them with me.

Q. Perhaps I could help you. Do you recognize the handwriting?—A. Yes. I will not question the correctness of it: 1937 Dominion of Canada Victory Loan 5½ per cent Coupon Bearer Bonds, bearing serial numbers: XX342914 E to XX343013 inclusive; 290718-9; 154300-01; 342260-61; 340637 to 340639; 342626 to 342632 inclusive.

Q. Is that the lot?—A. 231853 to 231855 inclusive; 231851.

Q. And where were these delivered?—A. In the city of Montreal.



Q. At what place?—A. Newman, Sweezey's office, 210 St. James St., Montreal.

Q. Where did you personally obtain them?—A. I purchased them from Newman, Sweezey & Company.

Q. You purchased them?—A. With the funds referred to. I obtained them in the office of Newman, Sweezey & Company.

Q. You obtained the money through a sale of Marquette shares?—A. Yes.

Q. 800 shares at \$5 a share?

Mr. MORIN: 8,000 shares.

*By Mr. White:*

Q. How many shares did you have?—A. I would have to look that up; it realized a profit of \$120,000.

Q. You bought at \$5 a share and sold at \$20 a share?—A. I imagine that is right.

Q. Realizing \$15 a share?—A. Yes.

Q. And out of the profit apparently made by you, you made this purchase?—A. Yes.

Q. For \$120,000?—A. The total cost was under \$125,000, \$124,000 and some hundredths.

Q. How many bonds did you deliver?—A. 120 bonds.

Q. 120 \$1,000 bonds?—A. Yes.

Q. That is, of the denomination of \$1,000 each?—A. That is right.

Q. And did you take any receipt for them?—A. I did not.

Q. You simply handed them to Mr. Aird?—A. Yes.

Q. Did you have any conversation with him at the time you handed them to him?—A. Not other than some joking remarks about the safety and security of carrying them.

Q. Tell us the whole of the conversation between you and Aird on that occasion.

*By Hon. Mr. Mackenzie:*

Q. Tell us what led up to the interview and why you were meeting him?—A. I was there largely on the instructions of Mr. Sweezey to complete a transaction which he had arranged. I had met Mr. Aird before in Toronto, so I was able to identify him as being Mr. Aird, and I gave him the securities, and I think we had no conversation other than some remark about: "How are you going to feel when you walk down the street with all these bonds"?

Q. What instructions did you receive from Sweezey before the interview?—A. To deliver that number of bonds and some cash balance, which I will have to ascertain about, to Mr. Aird.

Q. For what purpose?—A. It was understood in my mind that these bonds and this cash were in effect a contribution to the Conservative party of the Province of Ontario.

Q. How did you understand that?—A. I understood that as the result of the conversation I had with Mr. Sweezey.

*By Mr. White:*

Q. So all you know about it is what Sweezey told you?—A. I think that is correct.

*By Hon. Mr. Mackenzie:*

Q. Was Aird the only other man outside of Sweezey and yourself who was connected with this transaction?—A. I believe so; I cannot recall anybody else.

Q. Was there a man named Cook mixed up in it at all?—A. No, I do not think so.

Q. Do you know Cook?—A. No.

Q. Did you ever contribute any campaign funds to the Conservative party in Manitoba?—A. No.

Q. Did you make any contributions through Mr. Daly?

Mr. WHITE: Do you mean Mr. H. M. Daly?

Hon. Mr. MACKENZIE: Yes.

The WITNESS: No. Mr. Daly is in receipt of a retainer from our organization, but he is under no instructions to pass any part of his retainer on.

The CHAIRMAN: I do not think there is a possible chance of his doing so.

The WITNESS: I do not know whether he does or not.

*By Mr. Dorion:*

Q. Do you know how much was contributed to the Liberal party of the Province of Quebec?—A. No.

Q. Who knows that? (No answer.)

*By Mr. White:*

Q. Would not Senator Hayden and Raymond know?—A. Probably.

JOHN AIRD, jr. sworn.

*By Mr. White:*

Q. You live in Toronto, Mr. Aird?—A. Yes.

Q. What is your occupation?—A. Engineer.

Q. Are you connected with any companies?—A. I am on my own as an engineer, connected with contracting companies.

Q. Are you connected with the company known as the Champlain Construction Company?—A. Yes.

Q. Who is connected with you in that company?—A. Mr. Campbell, Mr. Drummond and Mr. Heney.

Q. Who are those gentlemen?—A. They are in the employ of different contractors in Montreal and Toronto: Anglin-Norcross and the Dominion Realty and Kennedy Bros.

Q. Are you also connected with a company called The Concrete Masonry Company?—A. I am a director of that company, too.

Q. Who is connected with you in that company?—A. H. A. Livingstone and T. H. S. Giles.

Q. Livingstone was formerly with the Metal Coat Company of Canada?—A. Yes.

Q. And Mr. Giles is an accountant?—A. Yes, an accountant and insurance man.

Q. You have heard the evidence of Mr. Swezey and Mr. Griffith about the transfer to you 120 \$1,000 bonds?—A. Yes.

Q. Do you remember the date of the receipt of those bonds by you?—A. I could not say the exact date, but sometime in December. I think what Mr. Griffith said was about right, some time in December, 1929; I am not sure.

Q. What has become of these bonds, Mr. Aird?—A. You have the whole schedule there.

Q. Perhaps you had better tell it to the committee?—A. Shall I leave them all out?

Q. You have handed me a memorandum stating how they were disposed of?—A. Yes, and also the certificates.

Q. This memorandum reads in part:—

\$120,000 Dominion of Canada 5½ per cent—1937, disposed of as follows:—

\$40,000: In safekeeping at Canadian Bank of Commerce, King and Jordan Streets.

Nos. XX342924 to XX342963 E inclusive.

That is 40 bonds?—A. Yes.

Q. Have you anything to show that the Canadian Bank of Commerce has those bonds in safekeeping?—A. You have that right there.

Q. You show me a letter dated July 14, 1931, from Mr. W. J. F. Ross, Assistant Manager, Securities Department, Canadian Bank of Commerce, Toronto?—A. Yes.

Q. It is addressed to you?—A. Yes.

Q. This letter reads, in part, as follows:—(*Exhibit No. 111*).

DEAR SIR: We beg to acknowledge receipt of the following securities, which are to be lodged for safe-keeping on your account: \$40,000—Dominion of Canada War Loan 5½ per cent Bonds, due 1st December 1937, Bearer with December 1931 and subsequent coupons attached, Nos. XX342924/63E inclusive—40 x \$1,000.

Then the next item in your statement is:—

\$10,000: Held by Royal Bank for a/c Champlain Construction Co., Ltd.

That is one of your companies?—A. Yes.

Q. And the numbers are XX342914 E to XX342923 E inclusive, and that accounts for ten of the bonds?—A. Yes.

Q. And in a similar letter from Mr. C. F. Lemon, Manager, Discount Department, The Royal Bank of Canada, dated July 14, 1931 and addressed to you, the following is stated:—(*Exhibit No. 111*).

DEAR SIR: As requested we give below list of securities which we hold on account of Champlain Construction Company Limited and/or John Aird, jr., and at the foot of the letter:—

10,000 Dominion of Canada War Loan, 20 Years, 5½ per cent December 1, 1937. No. XX342914E-5-6-7-8-9-20-21-22-23?—A. Yes.

Q. Which accounts for ten of the bonds that you received?—A. Yes.

Q. Then the next item mentioned in your memorandum is:—

\$12,000: Held by Canadian Bank of Commerce, Yonge and Colborne Streets, for account Concrete Masonry: Nos. 342627 to 342632 inclusive; 231851; 231853 to 231855 inclusive; 342964-342965?

A. Yes.

Q. I show you a letter dated July 14, 1931, by Mr. A. M. MacLennan, pro Manager, The Canadian Bank of Commerce, Yonge and Colborne Branch, addressed to you, in which the following appears:—(*Exhibit No. 111*).

Mr. JOHN AIRD, Jr.,  
The Concrete Masonry Restoration Ltd.,  
McKinnon Building,  
Toronto.

DEAR SIR: This is to advise that the following bonds have been deposited with us as collateral to the advances accorded the Concrete Masonry Restoration Limited:

and amongst others:—

XX342627-32E; XX231851; XX231853-5E; \$12,000 Dom. of Canada 5½ per cent Dec. 1, 1937; XX342964-5E?



A. Yes; it is mixed up with some other bonds.

Q. Then the next item in your memorandum is:—

\$10,000: Exchanged for £3,100 G.T.P. 3 per cent 1962. Nos. 343004 to 343013 inclusive.

That accounts for ten bonds?—A. Yes.

Q. What has become of the £3,100 of G.T.P. which you exchanged for those bonds? I see your memorandum shows that £2,600 has been held at the Canadian Bank of Commerce, Yonge and Colborne Streets for account Concrete Masonry, and that you have sold £500 of it. What did you do with the proceeds?—A. Used them for my own personal account.

Q. The next item appearing in your memorandum is:—

\$10,000: Exchanged for \$11,000 Province of British Columbia 4½ per cent 1955.—Nos. 342994 to 343003 inclusive.

That is ten bonds. What has become of the \$11,000 of Province of British Columbia bonds that you exchanged for that \$10,000 of bonds? I see by your memorandum—

Mr. WHITE: Mr. Chairman, for the sake of shortening the matter perhaps I need not refer to these letters in connection with each item now, because I can do it more expeditiously at the end.

Q. I see by your memorandum this:—

\$11,000: Province of British Columbia 4½ per cent 1955. Later exchanged for \$11,500. Province of Alberta 4 per cent, 1957. \$9,500 held at Canadian Bank of Commerce for safe-keeping.

The numbers are given as follows:—

Nos. 1485, 1648, 1649, 1524, 1526, at \$1,000; 1507, 1508, 1509, 1510, 2032, at \$500.

Then:—

\$2,000: Held at Royal Bank for a/c Champlain Construction Company: Nos. 1511, 1512.

Q. And the next item is \$10,000 exchanged for \$11,000, Toronto Harbour Commission, 4½ per cent, 1953, and the numbers of the Dominion of Canada bonds are 342984 to 342993, 10 bonds, and the \$11,000 of Toronto Harbour Commission, I see by the memorandum were exchanged for \$5,000 held at Canadian Bank of Commerce for safe keeping; \$1,000 exchanged for \$1,000 Eglington, Hunt & Holding Limited, which is held at the Canadian Bank of Commerce for safe keeping, number 213.

The CHAIRMAN: The witness is nodding, Mr. Reporter, so you will get his answer as "yes."

*By Mr. White:*

Q. Of these Harbour Commission bonds you sold \$5,000 worth?—A. Yes.

Q. What did you do with the proceeds?—A. Yes. For my own personal accounts.

Q. Then the next item is \$10,000 bond exchanged for \$12,000, Province of Saskatchewan, 4½ per cent, 1957, and the numbers of these Dominion bonds are, it appears from this memorandum, 342969 to 342970, 342973 to 342980 inclusive?—A. Yes.

Q. Now, the disposal of the Province of Saskatchewan bonds, the \$12,000 that you received, was made as follows, according to this memorandum, \$4,000 were held at Aird, McLeod and Company. Who are Aird, McLeod & Company?—A. Stockbrokers.

Q. Are you a member of the firm?—A. No.

Q. Is your brother?—A. Yes, my brother.

Q. \$8,000 held by the Royal Bank of Canada for account of Champlain Construction Company. That accounts for \$12,000?—A. Yes sir.

Q. The next item \$4,000 was sold to the Dominion Securities Corporation, and the numbers are 342968, 342967, 342972 and 342966?—A. Yes.

Q. What did you do with the proceeds?—A. My own personal account.

Q. Used for your own personal account?—A. Yes.

Q. \$1,000 is the next, sold to Aird, McLeod & Company, on the 17th February, 1930?—A. There is a question mark after that.

Q. I understand you do not know the number of the bonds?—A. Not the number or date exactly.

Mr. WHITE: I may say to you, Mr. Chairman, and members of the committee that all of the bonds with the exception of the one ending in 71—I have forgotten the number—are accounted for in this memorandum.

*By the Chairman:*

Q. What happened to 71. You do not remember?

*By Mr. White:*

Q. We may practically identify it. The proceeds of the sale of that bond, whatever number it was, was used for what purpose?—A. My own personal account.

Q. Then \$3,000 held by the Bank of Nova Scotia as collateral security, numbers 342981 to 342983?—A. Yes, sir.

Q. And \$10,000 exchanged for \$12,000 Hydro-Electric Power Commission, 4 per cent, 1957, numbers 340637 to 342639 inclusive, number 342626, 154300, 154301, 342260, 342261, 290718 and 290719?—A. Yes.

Q. And you stated that they were exchanged for \$12,000 Hydro-Electric Power Commission?—A. Yes.

Q. And those bonds, \$12,000, are held by the Royal Bank for the account of Champlain Construction, Company, Limited?—A. Yes.

Q. Now, I ask you whether this accounts for all the \$120,000 bonds?—A. I think that is the case there.

Mr. WHITE: I may say, Mr. Chairman, it is a little tedious, but I personally have checked these with the numbers which have been given, and with the exception of the bond 342971, the numbers agree with the numbers of the bonds as supplied by Mr. Griffith this morning in his evidence, and with the exception of that one—I think that is the number that was given for this other one.

Q. Speaking generally, as to the total of the \$120,000 of bonds, what would you say as to whether you are holding, or had disposed of them in accordance with this memorandum?—A. Yes, sir.

Q. Then I show you one, two, three, four, five letters, and all addressed to you?—A. Yes, sir.

Q. What do you say as to the correctness of the statements made in these letters?—A. Yes, they are correct as far as—

Mr. MONTGOMERY: Addressed to whom?

Mr. WHITE: By various bank managers and so on.

Mr. JACOBS: You expect to have these gentlemen here as witnesses, Mr. White.

Mr. WHITE: I did not intend to.

Mr. JACOBS: Letters do not constitute evidence.

Mr. WHITE: I think letters of this kind can be introduced—

Mr. JACOBS: I thought we were all satisfied to have them here.

Mr. WHITE: I do suggest it is evidence; but I can very easily bring them. I do suggest it is a very unusual thing for a bank manager to write a letter admitting that his bank holds certain securities, if he does not hold them.

Hon. Mr. MACKENZIE: We want to ask certain questions. We also want to see Mr. Aird's private and special account.

Mr. JACOBS: You are only beginning this inquiry. We want them here.

Mr. LENNOX: What do you mean by saying "we are just beginning."

Mr. JACOBS: You will see later on.

Mr. WHITE: He is threatening.

Mr. JACOBS: No.

Mr. LENNOX: I have no doubt when Mr. Jacobs says that he means it.

Mr. WHITE: Is it the wish of the committee that the gentlemen who wrote these letters should be subpoenaed?

The CHAIRMAN: Certainly.

Hon. Mr. MACKENZIE: All the companies—

Mr. WHITE: What is it you want.

Hon. Mr. MACKENZIE: Personal cheques, bank accounts, and all other cheques of all of these companies.

Mr. JACOBS: Everything.

The CHAIRMAN: I think perhaps we had better apply that to Senator Haydon and Senator Raymond, too.

Mr. LENNOX: I think we ought to have an independent doctor go up and examine Senator Haydon.

Mr. WHITE: I do not know that we have the power to do that, except upon his consent or the consent of his physician.

Mr. LENNOX: I would feel very much more satisfied.

Mr. JACOBS: We are discussing now this gentleman and his various accounts. We will deal with that aspect later on.

The CHAIRMAN: You are raising rather an unusual point in respect to the correctness of these letters from various banking institutions. I have had somewhat of a casual acquaintance with the practice of the law, and only on rare occasions—I cannot presently recall one—were the men who certified such letters as these brought before a tribunal to verify the certification of the facts set out in the letters.

Mr. JACOBS: You would not have the temerity to refuse to have them brought here?

The CHAIRMAN: I do not like the way you put that. I have, from the beginning of this investigation, fallen in line with every suggestion that you made, no matter how fantastic it was.

Mr. WHITE: Even as to adjournment.

The CHAIRMAN: I am quite prepared, as far as I am personally concerned, and I trust other members of the committee feel the same, to have these gentlemen come here.

Mr. WHITE: May I have a perfect understanding of what they are to bring?

Mr. JACOBS: We want to investigate and find out, from cross examining these gentlemen, the circumstances surrounding the deposit of these certificates, and what was given in exchange for them.

Mr. WHITE: In other words, what they would have to bring then are the investment ledgers, or sheets of the investment ledgers of the respective banks, showing these entries.



Mr. JACOBS: Exactly.

Mr. WHITE: And any correspondence or instructions of Mr. Aird's or anybody else in respect to the deposit for safe keeping or as collateral or otherwise.

Mr. JACOBS: Yes.

Mr. WHITE: In respect to these particular bonds enumerated in the list?

Mr. JACOBS: Yes.

The CHAIRMAN: The committee, then, will get that.

The WITNESS: These people here are not managers of the banks. These people——

Mr. JACOBS: I cannot hear you.

The WITNESS: These are not managers of the banks, but discount clerks of the safekeeping department. They gave them to them, I suppose.

The CHAIRMAN: Get the officers of the various banks.

Mr. LENNOX: More particularly the production of the books.

Mr. WHITE: The private bank account of Mr. Aird, bank book and his cheques, from say the 1st of December, 1929, to the present time. Is that satisfactory?

Mr. JACOBS: Yes.

Mr. WHITE: Also the personal books of account and of the two companies mentioned here.

Mr. JACOBS: He is connected with several companies. Every company he is associated with.

The WITNESS: I have an apartment house in Toronto.

Mr. JACOBS: Bring it all.

The WITNESS: I may be associated with someone else.

Mr. WHITE: You understand that.

The WITNESS: I have what you want. I will get it for you. All right.

*By Mr. White:*

Q. I want to ask you whether the receipt of these bonds by you was on behalf of any political party?—A. No, sir.

Q. You have heard——

*By Mr. Jacobs:*

Q. On whose behalf was it?

*By Mr. White:*

Q. On whose behalf was it?—A. On my own.

Q. Was it on behalf of anybody, or was anybody interested but John Aird, Junior, personally in these particular bonds to the extent of \$120,000?—A. No, sir, decidedly not.

*By Mr. Jacobs:*

Q. Did you so represent it to the people from whom you abstracted them?—A. No. I am sorry that he took it that way, but I did not mean it.

Q. You are sorry what?—A. I would be sorry if he took it that way.

*By Hon. Mr. Mackenzie:*

Q. Why should you get the bonds. It was a very convenient gift to you from Mr. Sweezey?—A. Some years ago—some years before I had some negotiations with the Toronto, at least the Ontario Hydro Electric, regarding a contract which I tried to get, and with which Mr. White is quite familiar, on the

Madawaska River. Unfortunately I was not successful. I saw Mr. Sweezey trying to do the same thing, and I suggested to him that I could help him a great deal in the ins and outs of the thing if he would let me help him; and we decided to go ahead that way. I said, "I will get nothing if you do not get the contract, and if you get the contract, I get this much." All right.

*By Mr. Jacobs:*

Q. Get the Hydro Electric contract from Ontario?—A. That is what I was—

*By Hon. Mr. Mackenzie:*

Q. Was that the contract they actually got?—A. Yes.

Q. You were assisting him in the obtaining of this contract?—A. Yes.

Q. You were successful were you not?—A. Yes, I was. That is why I got the bonds.

Q. You got the bonds for getting the contract?—A. Yes.

Q. For your own purposes?—A. Yes.

Q. What interest did you have in the Ontario Hydro?—A. I had none whatever?

Q. Did you so represent yourself?—A. No.

Q. Sweezey was such a bright fellow, he was giving you \$120,000 because you had no interest whatever in the Ontario Hydro Commission?—A. I did not tell Sweezey that.

Q. What did you tell Sweezey?—A. I told him if he wanted to get the contract I could help him a great deal.

*By Mr. Jacobs:*

Q. In what respect did you help him?—A. Well, there were some arguments with regard to who should pay for a line fifteen miles or something to that effect—some argument where the power should be delivered and who should pay for this and that.

*By Hon. Mr. Mackenzie:*

Q. Whom did you see?—A. No one.

Q. Just stood idly by while all this was going on?—A. I talked with Mr. Sweezey.

Q. You saw only Mr. Sweezey?—A. I saw only Mr. Sweezey, nobody connected with the Hydro or Ontario Government.

Q. You got \$120,000 for doing nothing?—A. No. Not for doing nothing.

*By Mr. Jacobs:*

Q. How old are you?—A. 40.

Q. What business were you in before you went into these various companies that you mentioned?—A. I was in partnership with a man by the name of Marlard.

Q. How long were you with him?—A. I think about six or seven years.

Q. What business were you in?—A. We were trying to develop power and also to build hotels.

Q. Were you successful?—A. Never on power work.

Q. Never on power work until you met Mr. Sweezey?—A. We did build a hotel.

Q. Where was that hotel?—A. The Lord Nelson Hotel for the C.P.R., Halifax.

Q. When was that?—A. I have forgotten the date—1926 or—

Q. And after you built the hotel?—A. We decided we could not make it go.

Q. And then you reverted to power?—A. No. I went into concrete masonry.

Q. How long were you in that?—A. Approximately three years or so.

Q. Before you went in with Malard what were you doing?—A. Let me see. I was running a woollen mill in Hanover, which went broke.

Q. You could not make that go?—A. Well, we bought it under a wrong system.

Q. How was that?—A. We paid too much money for that.

Q. And how long were you in that?

Mr. WHITE: Nobody could make a wollen mill go at that time.

Hon. Mr. MACKENZIE: No objections from counsel.

WITNESS: No. A couple of years. We took it over shortly afterwards.

The CHAIRMAN: The woollen mills have taken on a new lease of life lately.

*By Mr. Jacobs:*

Q. What were you in before you went into this?—A. An accounting concern—engineering accounting, sir.

Q. How long were you in that?—A. I don't know.

Q. Are you sure you don't?—A. A couple of years.

Q. One or two. That was unsuccessful?—A. No, It was not unsuccessful; it was a very successful thing.

Q. How is it you found yourself in the woollen business if this was successful?—A. For the simple reason I thought I could make more money out of a woollen mill, and that the purchase price of woollen mills would be a pretty good thing.

Q. You made a mistake?—A. Yes, I made a mistake.

Q. Before you were in the accounting business, what were you in?—A. Imperial Oil.

Q. How long were you in that?—A. I think about three years as engineer and accountant.

Q. And you left that?—A. Yes, joined the accountancy—the accounting concern offered me a pretty good thing.

Q. And you left the oil to go into accounting?—A. Yes.

Q. You found you had made a mistake that time too, because we find you subsequently, within a few months, in some other business?—A. Yes, I suppose that is right.

Q. And what were you in before you went into Imperial Oil?—A. In the flying corps in the war previous to the time I came out.

Q. You found flying successful because you are here to-day?—A. Not exactly successful. You ought to try some.

The CHAIRMAN: Mr. Jacobs' war record is no advance without security.

Mr. JACOBS: I am afraid that that was the record of Mr. Aird when he dealt with Mr. Sweezey; he got the advance and security.

*By Mr. Jacobs:*

Q. You have been in about ten or twelve different businesses since you came back from the war?—A. No, it wasn't as many as that. Imperial Oil, Richards, Hanover—

Mr. STEWART: I do not see any relevancy in this.

Mr. JACOBS: We are discussing the credibility of this all important witness, and we want to test his credibility, and we want to see from him, from his own mouth what type of man he is; and that is why I am proceeding.

Mr. LENNOX: Your test is his success or non-success in his business ventures.

Mr. JACOBS: I think we have a right to know something about this gentleman.



*By Mr. Lennox:*

Q. What are your politics?—A. I haven't got any politics to speak of.

Mr. JACOBS: You haven't any politics to speak of?

*By Mr. Lennox:*

Q. You are a son of Sir John Aird who is an outstanding Liberal?—A. I could not tell his politics.

Mr. JACOBS: I do not think that is quite fair.

Mr. WHITE: He is president of a bank.

Mr. JACOBS: He is president of a bank and one of the most important men in Canada, but his son, evidently has not been so successful as his father.

The CHAIRMAN: Give him time.

Mr. WHITE: He did very well in Beauharnois.

Mr. JACOBS: A mere catspaw. He has got to admit one thing or the other.

*By Mr. Jacobs:*

Q. You say you got \$120,000 of bonds from these astute people.

The CHAIRMAN: Astute people?

Mr. JACOBS: These people.

The CHAIRMAN: They are pouring money around with abandon.

The WITNESS: I only talked with Mr. Sweezey at one time. I only had one talk with Mr. Sweezey.

Mr. JACOBS: Now, Mr. Sweezey stated here that you obtained these bonds from him on the understanding and agreement that it was to be turned over to the Conservative party organization.

The CHAIRMAN: No, he didn't say that.

Mr. JACOBS: What did he say?

The CHAIRMAN: He said that he gathered the impression.

Mr. JACOBS: I do not think he said that. We will have him back to say that.

The WITNESS: I am sorry if I gave that understanding; it was not my intention to do so.

*By Mr. Jacobs:*

Q. It was not your intention to turn this over to the organization at all?—A. No. I did not give Mr. Sweezey any communication that I was going to do so.

Q. You swear to that?—A. Yes.

Q. Why did you not give him receipts for these bonds? Can you tell me that? If this was a legitimate transaction, according to you, why was it that he did not have a receipt?—A. I do not know.

Q. You do not know.

The CHAIRMAN: Was the receipt given?

Mr. JACOBS: No receipt was given.

The CHAIRMAN: My understanding was to the effect—

Mr. WHITE: Mr. Griffith said so.

Mr. GARDINER: It is after one o'clock. Are we going to adjourn?

Mr. JACOBS: There is no hurry.

The CHAIRMAN: This is the first time Mr. Jacobs has not wanted to adjourn.

Mr. FORSYTHE: Mr. Chairman, Just before adjourning. I notice from the remarks lately made that there is a great deal of detail to be produced here at some time, and you are aware that I have what I consider a very important personal engagement which obliges me to leave by the four o'clock train this afternoon. Now, it is going to be a part of my duty to cross examine Mr. Aird and possibly to cross examine some other witnesses who will be produced in connection with this matter, and I am wondering if it would be possible—I want to urge it as a personal matter—to allow me to get away this afternoon.

Mr. LENNOX: I do not think Mr. Jacobs is leaving you any ground.

Mr. FORSYTHE: I may possibly cross examine from a different basis.

Mr. JACOBS: We are all seekers and searchers after truth.

Mr. FORSYTHE: I appreciate being associated with an endeavour of this kind.

The CHAIRMAN: It is very discouraging to seek after truth and never find it.

Mr. FORSYTHE: I want to feel sure that this matter will not be proceeded with in my absence.

The CHAIRMAN: So far as Mr. Aird is concerned we are through with him.

Mr. JACOBS: No. I am not so sure of that.

Mr. FORSYTHE: I wanted to leave Ottawa on the four o'clock train this afternoon, and I could return for Monday morning.

The CHAIRMAN: If Mr. Forsythe has a personal engagement, I would suggest that we go on and let Mr. Jacobs finish and have Mr. Forsythe follow with his examination. He has not got to go away until four o'clock, and we can conclude this matter now. I have a lot of work to do besides this. I have tried to be here all the time so as not to impede the work of the committee, but I have a tremendous lot of work to do.

Mr. FORSYTHE: When I am asking for a favour I do not want to complicate things any more than I can help; but you can quite understand that the production of all these other records—the bank records and records of these other companies—might and very probably would involve any person—whether a member of the committee or myself—who was examining Mr. Aird in the desire to examine him further, because I have not a doubt—

The CHAIRMAN: That right will be accorded you; but in the meantime we can go on with your cross examination until train time.

Mr. FORSYTHE: If you insist, I bow to your ruling.

The CHAIRMAN: We do not want to be unfair, but we must get on with this investigation, and we will give you plenty of time to get your train. We will send to Toronto for these records, and an opportunity will be afforded you on Monday, or such other time as you prefer, for further cross examination. Surely we cannot do better than that.

Mr. FORSYTHE: I really feel it would save this committee and myself a great deal of time if cross examination could be withheld until these other records arrive.

The CHAIRMAN: We have no other work to occupy the time of the committee this afternoon, and we must go ahead as rapidly as we can.

Mr. MONTGOMERY: I have Mr. Cameron this afternoon if you wish to sit. I was interrupted the other day.

*By Mr. Jacobs:*

Q. What other activities have you been engaged in during your commercial career that have not been mentioned here this morning. What other spheres have you been in?

The CHAIRMAN: He was in the atmosphere overseas.

The WITNESS: The only thing I was engaged in at all was that I had a claim once upon a time around Rouyn.

*By Mr. Jacobs:*

Q. A claim at Rouyn?—A. Yes.

Q. What happened to that?—A. Just like any person's claim; we paid only into the syndicate.

Q. That was the only interest you had?—A. Money in the syndicate.

Q. Did you ever take an interest in the Tory political organization in Ontario?—A. I do not think to my—best of my knowledge or belief.

Q. You had no connection at all with the organization?—A. I don't even—

Q. You never did any fetching or carrying for the party?—A. Let me see now. I once brought a lot of men out—somebody asked me to drive a bunch of people who were digging at Mimico one time.

Q. Digging what?—A. Digging in the drain out at Mimico—in my car at a polling booth once, and I decided that that was the last I would ever have anything to do with it.

*By Hon. Mr. Mackenzie:*

Q. How many years ago?—A. That is some years ago.

*By Mr. Jacobs:*

Q. That is the only thing?—A. That is the only thing I have ever done.

Q. The only services you ever rendered the party?—A. Yes, sir. Never rendered any services to it. That was very disagreeable to me. It muddled up the car.

Q. If Mr. Sweezey were to say that you represented yourself as an emissary from the Conservative organization in Toronto, would he be telling the truth?—A. I should—

The CHAIRMAN: That is not a proper thing to say.

The WITNESS: I am telling you to the best of my knowledge and belief everything I can, and I would say that if he took anything from what I said, that I represented any party in Ontario, I am very sorry if he did that. I didn't mean to do it.

Q. You didn't mean to do it?—A. I do not think I did.

Q. Would you swear that you did not?—A. Yes; I would swear.

Q. You would swear you did not directly or indirectly, represent to Mr. Sweezey that you were an emissary of the Conservative political organization in Toronto?—A. Yes.

Q. You swear to that?—A. Yes I do.

Q. If Mr. Sweezey were to swear otherwise he would not be telling the truth?—A. Neither would he be.

Q. I beg your pardon?—A. I do not imagine or understand, at least, what you say.

Q. If Mr. Sweezey were to swear that you did so represent yourself, he would not be telling the truth?—A. To the best of my knowledge I would be.

Q. You are satisfied to let it go at that are you?—A. Well, I think that is what—what I told him was just this—I had not in mind any organization.



If Mr. Sweezey understood that I was connected with any political association, or anything in Toronto—

Q. You took some interest in this Hydro contract, which was, at that time, put through with Ontario?—A. I had telephone conversations with him.

*By the Chairman:*

Q. You say you had some telephone conversations?—A. With Mr. Sweezey for—

*By Mr. Jacobs:*

Q. For seeing whom?—A. Nobody.

Q. Nobody?—A. Nobody.

Q. You were playing a lone hand?—A. Yes.

Q. Can you tell me the date of the contract which was made between the Beauharnois Company and the Hydro?—A. I cannot tell you the exact date.

Q. You do not even know that. Have you the contract, Mr. Forsythe. You do not know anything at all about this contract. You were not interested in that, because you were there on your own account to get this money and not on behalf of any other person?—A. That is right.

Q. Now, I see that you have distributed these various sums in different banks in Toronto. What was the idea of breaking up these deposits?—A. I didn't break them up more than I took some bank—took some out of my own safety deposit and put them there, so that the evidence which I got here for Mr. White and signed by bank managers—I thought that would be sufficient to know the location of the bonds.

Q. That is not an answer to my question. I want to know why you did not make a deposit in the one banking institution?—A. Well, now, for instance—

Q. Say, in the Canadian Bank of Commerce, where your father is the head?—A. Yes.

Q. How is it you divided them up in this way?—A. Well, the bank—I use the Bank of Nova Scotia, and, then, there is the Royal Bank where the Champlain Construction Company is. We have not done any business—there is no cheques outstanding, except one, which is a tender cheque that will come along on the 2nd August, I believe.

Q. Do you think, Mr. Aird, that you earned this \$120,000 which you got from the Beauharnois Company. Do you think you have earned it?—A. Considering the eventual cost of the thing, yes.

Q. Considering the eventual cost. What do you mean?—A. He got a 20 years contract at \$15 a h.p. which is practically \$60,000,000 worth of contract is it not? I do not know whether \$20 or \$15.

Q. You claim you were instrumental in putting that through?—A. No, I do not claim I was instrumental.

Q. That being so, for what did you get the \$120,000?—A. Giving information as to what he should do.

Q. Giving information as to what he should do?—A. Yes.

The CHAIRMAN: He was an adviser.

The WITNESS: I was advising.

Mr. JACOBS: This is an important witness. I think he can take care of himself.

The CHAIRMAN: Of course, he can.

Mr. JACOBS: What is the answer.

The WITNESS: What is the question.

*By Mr. Jacobs:*

Q. What information did you give him as to what he should do?—A. Well, he was just mentioning that before, I think—in regard to the way the power

should be delivered, and where they should put a certain line, or where they should not do that. I told them my opinion, whatever it was.

Q. You told him "yes" or "no". Did you send any bill for the \$120,000?

—A. No I did not. I made an agreement with him before we started.

Q. You made an agreement. Was it in writing?—A. No.

Q. A verbal agreement?—A. A verbal agreement.

Q. By which you were to get \$120,000?—A. Yes.

Q. For indicating to him where he should locate his posts and so on?—A. No, what he should do in regard to the contract.

Q. What he should do in regard to the contract. You did that as an engineer?—A. Well, I didn't say as an engineer. From my opinion which I had had in my mind. That is the best thing I can do. For information I had gathered before, certainly. I spent about five years trying to get the other contract through, and was very unsuccessful, which my friend here knows.

Q. Mr. White knows of the success you experienced in all your dealings?—A. Yes—no, no.

The CHAIRMAN: He did not say that. He said he spent about five years in trying to get another contract through in which he was unsuccessful.

The WITNESS: Yes.

The CHAIRMAN: In connection with which Mr. White acted as his legal adviser and I know accumulated a great deal of knowledge, because these contracts are highly technical.

Hon. Mr. MACKENZIE: I object to this. The records speak for itself.

The CHAIRMAN: I was trying to assist you.

Mr. JACOBS: Thank you very much; thank you very much.

Hon. Mr. MACKENZIE: The record speaks for itself without any considered interpretation.

*By Mr. Jacobs:*

Q. Did you tell me that the agreement between you and Mr. Swezey was that he was to give you \$120,000 for this information that you were able to give him from time to time?—A. Yes.

Q. Engineering information?—A. That is exactly—I did not class it as engineering information at all. Information, I call it.

Q. What information is it?—A. Well, I cannot—I think I answered your question there about three times. I had information I would be able to give him.

Q. What kind of information did you give him?—A. With regard to the dealings with the Hydro.

Q. With regard to the dealings with the Hydro?—A. Yes.

Q. You gave him a tip as to how he should go about it?—A. That is exactly right.

Q. What did you tell him?—A. Now, I cannot tell you that now.

Q. I think you will have to try. For \$120,000 you should have told him something?—A. I cannot tell you all the detailed conversation that took place; I do not know that.

Q. You will have to try. You will have to tell us about the conversation?—A. You are only trying to get me into a whole lot of stuff which I did not say, or something like that.

Q. No.—A. I cannot remember anything definite. What is the use of me saying—

Q. I can imagine as much. Now, you did not tell me yet about it; you have not given me an answer to my question which I put to you, as to why you broke up this \$120,000 and put it into eleven different places?—A. It is not eleven different places.

Hon. Mr. MACKENZIE: Different transactions.

The WITNESS: You mean—I do not understand what you mean. You mean why those letters—

*By Mr. Jacobs:*

Q. Some of the bonds and the others— —A. I thought it was a good business deal.

Q. Why did you not keep them all in one place?—A. I have two companies, two companies borrowing money. That is all right.

Q. You have the bulk of that money still?—A. Yes, sure.

Q. You have it still?—A. Yes.

Q. In your possession?—A. Yes.

Q. You hung on to it all this time?—A. Yes.

Q. You mean you never spent any of it?—A. I might have to spend some of it yet.

Q. Again, I put this question to you. Did you tell your father about this deal; did he know about it?—A. No I do not think so.

Q. The \$120,000 deal?—A. I do not think so; I do not think he knows anything about it except he probably does now.

Q. He knows about it now; the world knows it?—A. Yes.

Q. You never told your father at that time that you had this \$120,000, or how you got it and the circumstances under which you got it?

The CHAIRMAN: Wait a moment.

Mr. JONES: This man is of age.

Mr. JACOBS: He certainly is, and I have a right to put the question, whether Sir John Aird knew anything about this transaction.

Mr. LENNOX: What difference does it make.

Mr. JACOBS: It doesn't make any difference to you but I want to ask the witness the question.

Mr. LENNOX: What difference does it make to you?

The CHAIRMAN: What bearing has it on this investigation?

Mr. JACOBS: I am cross-examining.

Mr. LENNOX: You have to cross-examine on something relevant.

Mr. JACOBS: I can cross-examine, and you know that better than I do, on his whole career and everything connected with it from the time he was born until this day. You know that.

Mr. LENNOX: I do not know.

Hon. Mr. MACKENZIE: There is no doubt about it.

Mr. LENNOX: The Supreme Court would not let me do it.

Mr. MONTGOMERY: The Chairman ruled earlier in the investigation that that was so.

Mr. JACOBS: The witness is being cross-examined. Do you object to my asking the question as to whether Sir John Aird knew of this transaction?

Mr. JONES: Yes.

Mr. LENNOX: I do not object, but I do not see the relevancy of it.

*By Mr. Jacobs:*

Q. Now, I ask you whether Sir John Aird knew about the transaction?—  
A. I do not know whether he knew about it before or not.

Q. You never told him?—A. I didn't talk it over with him, no, until after I got the thing fixed up.

Q. What?—A. Until I got the money.



Q. You told him after you got the money that you had got it?—A. Sure.

Q. You told him the circumstances?—A. Yes.

Q. He knew?—A. I think so.

Q. You told him the truth?—A. I told him; he must know.

Q. When did you tell him that; how long after?—A. I cannot tell you the date. I have not got it down in writing; I could not tell you the exact date of those things.

Q. You have not got any records of any kind, at all?—A. The only thing I have got of the transaction is—

Mr. LENNOX: A very complete record.

The WITNESS: A disposition of the bonds if you wish to look it over.

*By Mr. Jacobs:*

Q. Tell me Mr. Aird, how did you come to know Mr. Sweezey; when did you see him for the first time; tell us the circumstances?—A. I guess that is before the war; we attended the same university; whether he was there at the same time I don't recall.

*By Mr. White:*

Q. What university?—A. Queen's University.

*By Mr. Jacobs:*

Q. Well, I know, but I am asking about this Beauharnois matter.

The CHAIRMAN: You asked when he first knew Sweezey.

*By Mr. Jacobs:*

Q. I do not want to go into it. You knew him at Queen's?—A. I think I did.

Q. Did you keep up communication with him since that time?—A. Never communicated. I met him all over, New York and different places like that—in a personal way, that is all.

Q. You met him in New York and different places. When did you first make overtures to Mr. Sweezey in connection with this Beauharnois proposition of the sale to the Hydro?—A. I could not tell you. I think it was some couple of months, when he got into trouble—tried to get that contract. He wasn't getting very far with it.

Q. Did you suggest you might be able to do something?—A. No, sir, except in—

Q. To accelerate it?—A. I told him I could get it through.

Q. You knew that?—A. I thought I did. Whether I was right or wrong, I thought I was right.

Q. For a man who was not taking any interest in politics at all and who does not seem to know to what party he belongs, you seem to have had a lot of information.

Mr. WHITE: Was it a question of politics?

Mr. JACOBS: I am supposing it was for the purposes of cross-examination.

*By Mr. Jacobs:*

Q. We will go on. You suggested you would be able to assist him in that?—A. Yes.

Q. Did he accept it—your suggestion; did he discuss it with you?—A. Yes, he discussed it with me. I said that it would be all right.

Q. You know something about the roads—how things should be effected?—A. Yes.

Q. When you presented this to him in connection with Hydro did you also have that in mind, about knowing how things could be brought about?—A. From my past experience I should know something about it.

Q. What experience did you have in matters of this kind?—A. I just said two or three times I was about five years trying to get the contract from the Hydro before and was unsuccessful.

Q. That is your experience in how not to get a contract?—A. Yes.

The CHAIRMAN: That is not a fair way to put it, even in extravagant cross-examination.

Mr. WHITE: The same way as Mr. Sifton.

*By Mr. Jacobs:*

Q. Did you give any information as to how and what you could do in Ontario to obtain this contract from the Hydro; did you tell him how it should be done?—A. I did not say I gave him the whole routine, but there were certain catches in the thing which I could give him. I did not get those from any person—made it a bit easier for him.

*By Mr. Lennox:*

Q. You told him that would make it easier?—A. I said I explained that three or four times.

*By Mr. Jacobs:*

Q. You told him about the posts and where they were to be placed?—A. I never said anything about posts. I said about talks. I never said anything about posts. I had nothing to do with where posts will be used.

Q. Where lines should be drawn, and so forth?—A. No. That was not the point at all.

Q. And you considered it at \$120,000?—A. Mr. Sweezey did.

Q. Mr. Sweezey was an engineer himself. Do you suggest that Mr. Sweezey was such an utter ass as to pay \$120,000 for anything of that kind?

The CHAIRMAN: He may not—

Hon. Mr. MACKENZIE: Please don't interrupt.

*By Mr. Jacobs:*

Q. Let the witness answer?—A. I do not know whether you would consider him an ass or not. He wanted something pretty badly, and I would not get a cent if he did not get it.

Q. This was the first time you ever saw \$120,000 in your life.

*By Hon. Mr. Mackenzie:*

Q. You said you would not get a cent unless he got it, did you?—A. Yes.

Q. So that the payment of \$120,000 to you was contingent upon this contract going through?—A. Sure.

*By Mr. Jacobs:*

Q. What did you do to obtain the contract and help it to go through?—A. Really, I have said that about five times.

Q. You will have to say it again. I asked you what did you do to help that contract to go through.

The CHAIRMAN: Mr. Jacobs does not understand you.

The WITNESS: Well, I think I have said it three times.

Mr. JACOBS: Say it again.

*By Hon. Mr. Mackenzie:*

Q. Please say it again?—A. The information I had got from my previous experience in connection with unsuccessful negotiations which I had—I showed Mr. Sweezey how to get it through.

Q. That is how to obtain the contract?—A. Yes.

Q. And you did not suggest that it should be by the turning over of any money for political purposes at all; you spurned that suggestion?—A. I do not say I spurned that at all. I gave him no information——

Mr. LENNOX: I suppose you over-rated your ability to get that contract.

*By Hon. Mr. Mackenzie:*

Q. Were you always alone when you met Mr. Sweezey?—A. Yes.

Q. You never met him with anybody else?—A. Except when I got the bonds, Mr. Griffith and Mr. Sweezey were there. I said, "that is all right Bob; everything is all right." He said "sure."

Q. Did you ever meet any of the members of the Hydro Commission yourself; did you know who they were?—A. Sure. Everybody knows who they are. I never met them in connection with this. I had enough of them five years before.

Q. Did you meet any servants of the commission or members of the government?—A. No. Never talked to them or anybody else.

Mr. JACOBS: You just used Christian Science.

*By Hon. Mr. Mackenzie:*

Q. When did you prepare this memorandum that was put in evidence this morning?—A. The same day it was put through—in the morning of the same day it was put through.

Q. What morning?—A. What is the date there?

Q. Did you do it on anybody's instruction?—A. On my own instructions. I could not bring the bonds here as evidence. I cannot carry that amount of money around.

Q. It was entirely your own idea?—A. Yes. It was entirely my own idea.

Mr. WHITE: I may say that I telephoned Mr. Aird and asked him about this transaction—asked him to come here prepared to show me where the bonds were.

Mr. JACOBS: This particular bond, but nothing in substitution—you did not ask him that.

Mr. WHITE: Substitution of what?

Mr. JACOBS: We admit that he has them in his possession, but you did not turn over any bonds other than these, in substitution of this, did you?

The WITNESS: I have the disposition of everything.

*By Hon. Mr. Mackenzie:*

Q. The question is this: Did you, after receipt of these bonds which have been specified in evidence this morning—the bonds you got from Sweezey and Griffith—did you, after receiving these bonds, transfer to any person, association or individuals, any moneys, bonds of any other nature?—A. No. They are all there. I can show them to you.

Q. And did you have permission to do so?—A. No.

Q. You swear that?—A. Yes. I thought I was sworn here when I told you that.

Q. What?—A. I thought I was sworn in now. I will swear it again, if you want me to.



Mr. JACOBS: I have no doubt you will.

The CHAIRMAN: That is not fair. The implication is apparent. This witness has been absolutely honest in my view.

Mr. JACOBS: It was after the contract was signed that you got the \$120,000?

Hon. Mr. MACKENZIE: And because it was signed, he said before in evidence—because it was signed.

The WITNESS: After it was signed.

Mr. JACOBS: You would not have got 5 cents if the contract had not been signed, and you kept the money yourself. The witness is absolutely honest in that.

Mr. WHITE: Didn't you tell him that he kept the money?

*By Mr. Lennox:*

Q. I just want to clear up one matter. Of course, you are brought here with the object in view of associating the name of Honourable Howard Ferguson. Did you, at any time, ever discuss, either personally or with any person else, your connection with the Beauharnois project?—A. I have only seen Mr. Ferguson once in his office, I think, in my life, and that was the time we did not get the contract and I asked him how he expected Canadians to stay in the country if he gave it to Americans instead of Canadians.

Q. And is it true that Mr. Ferguson has no interest financially or otherwise, and no interest in these bonds?—A. Absolutely no.

Q. He wasn't aware— —A. He wasn't aware or anybody else is not aware.

*By Mr. Jacobs:*

Q. No person in Toronto knew that you obtained this \$120,000?—A. Not to the best of my knowledge.

Mr. LENNOX: It is a pity we got away with it from Montreal.

Mr. JACOBS: You didn't get that?

Mr. LENNOX: It is all we got.

Mr. JACOBS: You didn't get that.

*By Mr. Jacobs:*

Q. According to your evidence you never told a single individual that you obtained this money?—A. I do not think any person knows. I know they do not know what I got. I had to go and transfer it to a bank, and send it up to the Bank of Commerce.

Q. Transferred? Why, you had it in half a dozen different banks?—A. When I first got it—I came in to the manager of the bank—I wasn't carrying it to Toronto, I said express it up to my account in Toronto.

Q. In Montreal it was expressed?—A. I do not know whether it was expressed or not. I asked them to send it.

*By Mr. Lennox:*

Q. These companies in which you are interested dealt with different banks?—A. One deals with the Royal and another with the Commerce.

*By Mr. White:*

Q. There seems to be some kind of transaction with the Bank of Nova Scotia?—A. Yes. Some with the Bank of Nova Scotia.

*By Hon. Mr. Mackenzie:*

Q. You did see Mr. Ferguson once then regarding the contract?—A. As a matter of fact, my conversation with Mr. Ferguson was not at all very friendly, because I was complaining.

Q. I am asking you. Did you see him on a previous occasion? I understand you to say you had seen him once on another contract?—A. Just once.

Q. What contract was that?—A. It is the one I was unsuccessful with, and after it was over—

Q. That was the Hydro Commission?—A. The Hydro Commission. He just voted \$1,000,000, you see, for technical instruction in Canada. I asked him how he was going to keep it in Canada.

*By Mr. Lennox:*

Q. When was that?—A. Some years ago.

*By Mr. Mackenzie:*

Q. Did you meet anybody by the name of Cook?—A. No. I do not know. When I say that I mean I don't think Cook knows me on the street, and I would not know him.

Q. Who is he?—A. He is one of the members of the Hydro Commission—if that is the man you mean. I knew you would ask me that question. He is now Chairman. I am not exactly foreign on all the different—

*By Mr. Jacobs:*

Q. Is there a man called Cook connected with the Conservative association?—A. I could not tell you that.

Hon. Mr. CANNON: I understand that all that evidence is being taken subject to my previous objection.

Mr. WHITE: My learned friend's facial expression really indicates that, Mr. Chairman.

*By Mr. Forsythe:*

Q. Mr. Aird, I understand you to say that you understood Mr. Sweezey was in some trouble with regard to his Hydro contract when you first saw him?—A. Not any more than was in the papers.

Q. Now, Mr. Aird, let us see. You said he was in trouble. Now, what did you see in the papers that indicated he was in trouble?—A. I do not know.

Q. You do not know?—A. No. I do not know more than the fact—I might have seen him before that.

Q. Don't tell me what you might have done. You said he was in trouble. I want to know what trouble he was in, and how you knew about it?—A. I suppose just gossip that I heard.

Q. What was the trouble that you heard the gossip about?—A. He was having difficulty in getting the contract.

Q. When was that?—A. I could not tell you the exact date—some time a few months before he got it I guess.

Q. Now, when did you hear this gossip? I suppose you could not tell me who you heard it from?—A. No, not any person.

Q. When you heard it, what did you do? Did you go down to Montreal to see Mr. Sweezey? Did you meet him in Toronto, or call him on the telephone?—A. I do not know whether I was in Montreal. I think I was in Montreal on some other business. I went and called him and asked him if I could see him.

Q. And you went to him?—A. Yes.

Q. And what did you say when you first went to him?—A. Now, I could not tell you more than the fact—

Q. Could you tell me this: Do you remember the conversation that took place between you and Mr. Sweezey?—A. Not in detail, no.

Q. And you are positive you do not remember?—A. Well, sure. I mean to say I could not tell you all the details.

Q. Tell me some of the details?—A. I would not want to say anything that would not be just straight.

Q. I can understand that. I want you to tell me something that you said to Mr. Sweezey there. How did you introduce the subject? Surely you remember that?—A. I just asked him how he was getting on, and he said he was having certain trouble. I said, "probably I could help you out."

Q. Yes. And did you tell him how you could help him out?—A. No.

Q. You didn't tell him how?—A. No.

Q. What was the next thing?—A. Detailed movements—I could not tell you that.

Q. I am not calling for any detailed movements. I say we have got this far: You met Mr. Sweezey in his office—you met him somewhere—and he told you he was having some trouble, and you said perhaps you could help him out?—A. Yes.

Q. Did you tell him how you could help him out?—A. Not in detail, no.

Q. For heaven sake forget the detail; give us some generalities. Did you tell him how you could help him out?—A. No, I did not.

Q. You did not? What was the next thing that happened?—A. I don't remember.

Q. Now, then, at some stage in the proceedings, somebody mentioned money, didn't they?—A. Yes, I did.

Q. You remember that?—A. Yes.

Q. Was that the first thing you mentioned?—A. That was the first thing. I never discussed that afterward. I said, "Here, Bob, if this thing goes through you pay me so much, and if it does not go through, I do not get anything."

Q. Did you tell him how much?—A. Yes, I told him.

Q. What did you say?—A. I think it was 50 cents a horse-power or \$125,000.

Q. And between the time you found out he was in trouble and that you said you could help him out and the time that you stipulated for the payment of \$125,000 is there any other conversation that you remember?—A. Not any more than just odd discussions as to how he was getting on.

Q. Odd discussions as to how he was getting along?—A. Yes.

Q. Did Mr. Sweezey ask you how you were getting along?—A. No, I do not think so. He said, "How are things going"? I said, "Going along all right."

Q. You people were talking about \$125,000?—A. Yes.

Q. Is it fair to sum up your recollection of your conversation with Mr. Sweezey this way: You met him and asked him how he was getting along: He said he was having a bit of trouble and you said, "Perhaps I can help you out, but I want 50 cents a horse-power or \$125,000 if you get the contract?"—A. That was the first conversation; yes.

Q. Do you say that is all you can remember of the first conversation?—A. Yes.

Q. And what did Mr. Sweezey say?—A. I cannot remember that; I cannot recall that.

Q. Did he promise to give you \$125,000?—A. Oh, sure.

Q. Did not Mr. Sweezey ask you a question or two as to how you were going to earn the \$125,000 from him?—A. No.

Q. Never asked anything about it?—A. No.

Q. Not a thing?—A. No.

Q. When was the next conversation? You have told us everything about that conversation, Mr. Aird?—A. Well, I say that is such as the generalities.



Q. Now, is there any significant detail that possibly you can remember about?—A. No. I cannot remember.

Q. Where did the conversation—

The CHAIRMAN: Mr. Forsythe, one of the members suggests that this \$125,000 was a mere trifle.

Mr. FORSYTHE: It is the only detail he can remember.

The CHAIRMAN: It is the only detail he can remember in this transaction.

Mr. WHITE: A detail like the moving of the mouth of the canal or something like that. It just occurred to me to ask whether he is cross-examining the Beauharnois Company.

Mr. FORSYTHE: There is \$125,000 of the Beauharnois Company's money that has gone somewhere, absolutely.

*By Mr. Forsythe:*

Q. Now, Mr. Aird, is there any minor detail of the first conversation with Mr. Sweezey that you can give us other than a summary of the generalities?—

A. I do not think so.

Q. You do not think so?—A. No.

Q. Now, where did that conversation take place?—A. At the Ritz-Carlton Hotel, Montreal.

Q. When was the next conversation between yourself and Mr. Sweezey?—A. I could not say.

Q. Did you ever see Mr. Sweezey again to speak to him between that time and the time you got the \$120,000 in bonds?—A. Yes, on several occasions.

Q. Do you remember any one conversation you had with Mr. Sweezey in the interim?—A. Nothing at all than more or less along the lines of the first conversation.

Q. I do not want to be unfair about it, but do I understand that every time you spoke to Sweezey subsequent to the first conversation it went something like this: "How are you getting along, Bob?" "I am having some trouble." "Perhaps I can help you, but I will get \$125,000 if I do." Is that what you mean?—A. No, I do not, and you know that, too.

Q. I suspected that that was not so, and I want to be fair to you.—A. As I mentioned before, there was something about where the power should be delivered, and what the Beauharnois should pay for it, and what the Ontario Government should pay for it.

Q. Now, let us see. There was a point of delivery that was before Mr. Sweezey, or a point at issue between him and the Hydro Commission?—A. I believe from Mr. Sweezey that that was the case.

Q. What did you tell him to do?—A. That is the thing I have forgotten. I could not tell you that to save my life.

Q. So you cannot remember what you told him about that?—A. No.

Q. Was there anything else?—A. That is the principal thing.

Q. And it was for advising him on that point that you got the \$125,000, was it?—A. There might have been other points, but I do not remember them.

Q. That is the only one that is significant for you to remember?—A. Yes, that is the most outstanding one.

Q. And you gave him some advice upon that point?—A. Yes.

Q. And for that advice you got \$120,000, and you cannot remember what the advice was—is that right?—A. I do not say I cannot remember what the advice was, but I have forgotten the details.

Q. If you can remember what the advice was I want to know what it was?—A. I cannot remember it.

Q. At the time you went to Newman, Sweezey's office and received these bonds from Mr. Griffith had you ever had a transaction of this kind before where you were advising persons on matters of this kind?—A. No.

Q. Did you ever practise as an engineer by yourself?—A. No.

Q. Did you ever have occasion to submit an account to any person for services rendered?—A. No.

Q. Were you ever remunerated by anybody for anything before, apart from salaries you had received?—A. When I was in partnership we did not have a salary at all.

Q. But take, for instance, the Concrete Masonry Restoration Company, do they get paid in Victory bonds for their services?—A. No.

Q. Does the Champlain Company get paid in Victory bonds for its services?—A. No.

Q. Can you give this committee any reason why the remuneration was arranged in the way it was, that you should go down and get \$120,000 in Victory bonds handed over to you and walk away with it?—A. No.

Q. Was there any other thing given to you on that day besides Victory bonds?—A. \$120,000 in Victory bonds, and Griffith gave me a cheque for a small amount to make it up to \$125,000.

Q. To make it up to an even \$125,000. Griffith gave you a small cheque?—A. Yes.

Q. A cheque payable to John Aird, jr.?—A. No, payable to cash.

Q. At whose request?—A. I do not know.

Q. I suggest to you that it was at your request?—A. I do not remember whether that was so or not.

Q. And then the cheque was cashed?—A. Yes.

Q. Did you endorse it?—A. No, I do not think I did.

Q. Who did endorse it?—A. I was leaving on the train at night and a friend of mine was there and I wanted some money.

Q. What was the name of your friend?—A. Mr. D. T. Main.

Q. You were leaving on the train at night and you wanted some money?—A. Yes.

Q. What happened?—A. He gave it to me.

Q. You gave the cheque to Mr. Main?—A. Yes.

Q. Do you know what business Mr. Main is in?—A. Yes, the National Steel Car Company; I have known him for twenty-five years or so.

Q. And he produced \$847.78 in cash that night?—A. He gave me part of it.

Mr. JACOBS: They must have had a wild night.

*By Mr. Forsythe:*

Q. Is that the cheque which I now show you?—A. Yes.

Q. And that is endorsed by Mr. Main?—A. Yes.

Q. And you give it over to him on the night when you were leaving on the train and you got something from him. Was it cash that you got from Mr. Main?—A. I cannot tell you whether it was some cash and a cheque, or how it was.

Q. Are you positive that you did not get a cheque from Mr. Main for the whole amount?—A. No, I am not positive of that even.

Q. If you are not even positive of that, can you tell me why you handed the cheque over to Mr. Main?—A. No, except that he was in Montreal and I was going to Toronto.

Q. Did he issue a cheque to you on a Toronto bank?—A. I could not tell you that.

Q. There would not be very much profit in swapping cheques with Mr. Main if his cheque was drawn on Montreal, would there?—A. No, not very much; I do not know whether I got cash or a cheque.

Q. You do not know which?—A. No.

Q. You were going to arrive in Toronto in the morning, I suppose, Mr. Aird, when you left?—A. I am trying to think whether I was or not.

Q. Having \$125,000 of Victory bonds in your possession you were going to put them where they would be safe?—A. I sent them through the bank.

Q. Can you tell me anything that you wanted to spend \$847.78 upon when you were going up on the train?—A. No.

Mr. LENNOX: Perhaps it was to save the exchange on the cheque.

Mr. FORSYTHE: I thought that possibly that was so, but when he could not remember whether he got a cheque from Mr. Main or not that excluded that theory from my mind.

EXHIBIT No. 110:

Bank of Montreal cheque dated December 5, 1929 for \$847.78, payable to Cash. Signed by Hugh G. Griffith and endorsed D. T. Main.

Mr. JACOBS: He could have got it in his father's bank for nothing, as the son of the old man.

Mr. WHITE: It is a Scotch bank.

Mr. FORSYTHE: I do not think Mr. Jacobs is right about that.

*By Mr. Forsythe:*

Q. Now then, you can give us no reason, Mr. Aird, as to why you had this transaction with Mr. Main?—A. No.

Q. Well now, I suggest to you, Mr. Aird, that you had reasons of your own for cloaking this transaction in a cloak of secrecy?—A. Well, I have got everything that you want to see.

Q. Now, let me revert to my previous question. I suggest to you that you had some reasons for cloaking this transaction with Mr. Sweezey in a certain amount of secrecy. Now, is that so or is it not?—A. Well, I certainly was not telling any person about it.

Q. No, you were not.

*By Mr. Jacobs:*

Q. Why?—A. It was my own personal business.

*By Mr. Forsythe:*

Q. Now, Mr. Aird, you have been engaged in business with the Imperial Oil Company, and with Woollen Mills; you have been interested in a mining claim, and you are now interested in two companies, and you were in an accounting-engineering office. Did you ever see any ordinary business transaction—even when it was not desired to broadcast it—that was put through in this way?—A. I cannot say that, I don't know.

The CHAIRMAN: Was not this peculiar to the Beauharnois?

Mr. FORSYTHE: Of course, the witness is the person who put the transaction through.

Mr. WHITE: It was his transaction but he had it with Beauharnois.

Mr. FORSYTHE: Yes, and I would think the last.

*By Mr. Forsythe:*

Q. Now would you mind answering that question, Mr. Aird?—A. In all my experience I never had one like that, no.

Q. You never had one like that?—A. No.

Q. And can you tell me any reason for your breaking new ground.

The CHAIRMAN: Nothing like this was ever heard of before.



The WITNESS: Well, I was unsuccessful in one thing, the Madawaska Contract.

*By Mr. Forsythe:*

Q. And did you think that if you had had some transaction like this you would have been successful?—A. I cannot say that at all, I don't know. I know from the experience I got out of that I felt I could be of more use in this one.

Q. Now, Mr. Aird, will you tell me what your failure to obtain this contract, which you say Mr. Graustin got, had to do with your taking your remuneration in bonds and turning the cheque that you got over to Mr. Main, if anything?—A. What is that again, Mr. Forsythe?

Q. What had your failure to obtain the contract which Mr. Graustin got have to do with the method in which you put through your transaction with Swezey, and by that I mean the fact that you came down and got this in Victory Bonds and transferred the cheque that was given to you, made payable to cash, to your friend Mr. Main; are the two things connected at all?—A. You mean connected with the other contract?

Q. Yes.—A. No connection at all except from the experience I had in the matter.

Q. Now then, it is just the experience you had in the Madawaska, or whatever this contract was, which led you to have the transaction put through in this secretive manner?—A. There were so many people in the Madawaska thing that I could possibly have got it put through if I had been alone.

Q. And you thought if you had been dealing with Mr. Swezey you would have been better had you been alone, is that the conclusion to draw from what you say?—A. It was unsuccessful when I had a whole lot of people with me.

Q. Now, when you say you were unsuccessful when you had a lot of people with you, you were dealing with the Hydro Electric Commission were you not, yourself?—A. No, not by myself alone.

Q. With a lot of others with you?—A. Yes.

Q. But you yourself, with others, were transacting with the Hydro Electric Commission?—A. Yes.

Q. But in this proposition you were not transacting with the Hydro Electric Commission at all?—A. That is right.

Q. I am quite right in that?—A. Yes.

Q. Then can you tell me what experience you gained from your association with others when you were transacting with the Hydro Electric Commission which led you to think that when you were not transacting with the Hydro Electric Commission you should adopt this secretive method of doing your business?—A. No reason at all except when you are doing business you do not tell any person about it.

Q. I will suggest to you, Mr. Aird, that when the Concrete Masonry Restoration Company is presenting a tender on some work they quote a figure—A. And they keep it quiet.

Q. They quote a figure, which they put in writing, to the person to whom they are tendering, do they not?—A. Not always.

Q. And when they have completed their work they send in an account for the services they have rendered, do they not?—A. That is a company and I am an individual.

Q. All right, that is a company. And then when they get their payment they do not go down and take it part in Victory Bonds and part cash and turn the cheque which they get over to a third party?—A. That is a company.

The CHAIRMAN: Whom are you speaking of, Mr. Forsythe?

Mr. FORSYTHE: I am speaking of Mr. Aird's company, the Concrete Company. I am saying that they don't do business in this way.

The WITNESS: I have not got the whole say in that company.

*By Mr. Forsythe:*

Q. No, but if you had you would not suggest it would be better to do their business the way you did this?—A. I do not know. It just depends upon the circumstances.

Q. All right. Under what circumstances would you recommend your company to do its business in that way?—A. You would have to suggest the circumstances before I make up my mind which way to go.

Q. It is not for me to suggest the circumstances?—A. I do not know of any circumstance. If I did know I could probably tell you.

Q. Offhand, do you know of any circumstance which would justify your company in transacting its business in that way?—A. Not offhand, no.

Mr. LENNOX: I suppose there are very few firms who would have \$130,000 in their bank account so that they could give you a cheque. I should think the easiest way to pay this man for his services would be through bonds, or with some securities.

Mr. FORSYTHE: In order to acquire the bonds you have to get some money somewhere.

Mr. LENNOX: The money was flowing very fast.

Mr. FORSYTHE: It was, but you will note it did flow out of a bank account and that he transferred the cheque.

The CHAIRMAN: What are you trying to prove, Mr. Forsythe—that Mr. Aird put over a fast one on Sweezy?

Mr. FORSYTHE: Well, I am not necessarily trying to prove that Mr. Aird put over a fast one on Mr. Sweezy. But what I am suggesting, if his story is true, is that he certainly did put a fast one over on Mr. Sweezy.

Mr. LENNOX: He admits it.

*By Mr. Forsythe:*

Q. Adopting the phrase that has been used, Mr. Aird, you put a fast one over on Mr. Sweezy?—A. It is hardly fair to put it that way, is it?

Mr. JACOBS: Hardly fair to whom?

The CHAIRMAN: Of course, being interested as Chairman of the committee I wondered if you were trying to prove that Mr. Aird, in baseball language, put a fast one over on Sweezy.

Mr. FORSYTHE: With a curve on the outside corner.

The CHAIRMAN: Yes, just cutting the outside corner.

Mr. FORSYTHE: What I am suggesting now is this, Mr. Chairman: He has stated that it was represented to him that his contribution—because I do not care what it was, you cannot call it anything else—was made, and it was represented to him to be made as a donation to a political party.

Mr. WHITE: I do not think he quite said that.

Mr. FORSYTHE: I think he did.

Mr. LENNOX: My recollection is he said: "That was my understanding".

Mr. FORSYTHE: If you will allow me, I think you are confusing the evidence of Mr. Griffith with that of Mr. Sweezy.

Mr. JACOBS: We will have Mr. Sweezy back on this.

Mr. WHITE: And then Mr. Aird back again, I suppose.

Mr. FORSYTHE: What I am saying is, there seems to be a direct conflict between those two gentlemen as to what the intention was, and if this transac-

tion was conducted in a way that an ordinary adviser did not expect to be paid, I think it throws some light upon the credibility of the parties, that is all.

Mr. WHITE: In view of what Mr. Forsythe has just said now, perhaps Mr. Aird ought to be informed as to what his rights are in respect to this question.

*By Mr. Forsythe:*

Q. Now, Mr. Aird—

Mr. WHITE: Just a minute, Mr. Forsythe.

Mr. JACOBS: If he wants to take advantage I think he should be told.

Mr. WHITE: Do you know that you can object to answering those questions on the ground that your answers may tend to incriminate you, or to expose you to proceedings, and that you are entitled to object to answer, and that if you do object to answer you can still be compelled to answer but that your answers and the evidence which you give cannot be used against you in any criminal or civil proceeding except one for perjury in giving your evidence. Did you know that?—A. Well, I did not know that, as a matter of fact.

Q. Do you want to take advantage of that situation?—A. I do not think I need any protection as far as I can see. I do not know of anything that calls for protection. I am quite willing to tell you, and that is all about it.

Mr. FORSYTHE: What are we to understand then, that he does not need any protection?

The WITNESS: I am telling you what my best knowledge and belief is.

Mr. JACOBS: He apparently belongs to our party. He is against protection.

*By Mr. Forsythe:*

Q. Now, Mr. Aird, there is just one other thing I want to take up with you, in connection with those letters from those various banks. You got those letters which have been read in your evidence to-day, the day you were asked to come down here?—A. Yes.

Q. Now, dealing with the letter from the Royal Bank of Canada, signed by the Manager of the Discount department, Mr. C. F. Lennox, when were the securities which that letter represents as being held on account of the Champlain Construction Co., Ltd., and to the John Aird Junior, deposited with the Royal Bank of Canada?—A. \$20,000 some time ago, and \$10,000 that morning on account of the fact that we expected to bid on work this week.

Hon. Mr. MACKENZIE: What is the date of it?

Mr. FORSYTHE: The 14th July, 1931.

Mr. JACOBS: That is three days ago.

The WITNESS: I will tell you the whole thing in a minute. When I was asked to come here I said to Mr. White "Do you want to know where the bonds are"? I told him I did not think I could carry that many on my person, so I deposited them in this way and got the signatures, thinking that would be sufficient.

*By Mr. Forsythe:*

Q. You deposited them in this way, and \$20,000 were already deposited with the Royal Bank?—A. Yes, and the other was just for safeguard.

Q. Just a minute, the \$20,000 was against advances made to the Champlain Construction Company?—A. And myself.

Q. And yourself?—A. Yes.

Q. And how were those advances made, Mr. Aird?—A. Well, by ordinary cheque book.

Q. Will you produce your cheque book?—A. Yes, sir.



Q. Now then, the other \$10,000 that were deposited on the 14th July were not in point of fact deposited as collateral to any advances made?—A. The Champlain Construction Company has only one outstanding cheque of \$7,500.

Q. I think you can answer that question, Mr. Aird. I asked you if there was any advance against which this \$10,000 was pledged as collateral?—A. Oh, no.

Q. Then on the 14th of July, 1931, the Canadian Bank of Commerce wrote you a letter in which they said that they acknowledged receipt of the following securities to be lodged for safekeeping in your account, and there are details there, \$40,000 War Loan; \$9,500 Province of Alberta 4 per cent Debentures, \$5,000 Toronto Harbours Commissioners and \$1,000 Eglinton Hunt. When were those deposited with the Bank?—A. The same day that I left for Ottawa.

*By Mr. Jacobs:*

Q. Is that this week?—A. Oh, yes.

Q. That is, the 14th of July, on Monday?—A. Tuesday.

Mr. WHITE: The 12th was Sunday.

Mr. JACOBS: I know. It was a "glorious" day.

*By Mr. Forsythe:*

Q. And do you say that this came from your safety deposit box?—A. The only reason I put them in this form was to bring them here.

Q. You brought the certificate rather than the securities?—A. Yes.

Q. Where was the safety deposit box?—A. The Canadian Bank of Commerce.

Q. That says "Assistant Manager, Securities Department, Toronto"?—A. That is the head office.

Mr. JACOBS: Was this at the bank's head office or a branch?

Mr. WHITE: The head office branch.

*By Mr. Forsythe:*

Q. At what time did you acquire the Hydro-Electric Power Commission bonds?—A. That is on the yellow sheet.

Q. Through whom?—A. I have the sale slip from the Dominion Securities.

Q. And the Province of Saskatchewan bonds?—A. All listed there.

Q. And through whom you acquired them?—A. I think so.

Mr. WHITE: I am not sure.

Mr. FORSYTHE: I will leave that part of it for the moment, because I might want to come back to that.

Mr. WHITE: I can send for the memorandum if you like. The reporters have it.

*By Mr. Forsythe:*

Q. On the 14th July, 1931, Mr. D. D. Macleod wrote to you stating:—

We are holding \$4,000 Province of Saskatchewan 4 per cent bonds due November 15, 1957—as collateral security against your account with us, Nos. as follows: 1530, 0899, 0900, 0201.

Do you know when they were deposited?—A. I have a record of it.

Q. Would you say it was some months ago?—A. Yes.

Q. Through whom did you acquire those Province of Saskatchewan bonds?—A. It is on the list.

Q. The Yonge and Colborne Branch of the Canadian Bank of Commerce wrote you on the 14th of July, 1931:—

This is to advise that the following bonds have been deposited with us as collateral to the advances accorded the Concrete Masonry Restoration, Limited,

and the bonds are enumerated there, and they include \$12,000 of Dominion of Canada, 5½ per cent, December 1, 1937 bonds and £2,600 Grand Trunk Pacific, 3 per cent 1962 bonds, and I note at the bottom of the letter this paragraph:—

We shall be obliged if you will have the enclosed form of hypothecation signed and sealed by the proper officers of the Concrete Masonry Restoration, Limited and returned to us?—A. Yes.

Q. Were you on the 14th July pledging those bonds to the Canadian Bank of Commerce at Yonge and Colborne streets?—A. Yes.

Q. For what purpose?—A. They were shouting at us for a long time to put up some more security.

Q. How long had they been shouting at you?—A. Two or three weeks.

Q. And the bonds were always down in the safety deposit box?—A. Yes.

Q. And you did not put them up until you got notice to come down here?—A. No.

Q. Then the Bank of Nova Scotia under date July 14, 1931, wrote to you:—

We beg to advise holding the following security as collateral for your account: \$3,000 Dominion of Canada, 5½ per cent December 1, 1937. Nos. XX 342981-3.

When were they placed with the Bank of Nova Scotia?—A. Some time ago.

Q. How long ago?—A. Probably about a year ago.

Q. And they are actually collateral against the present advance?—A. Yes.

Mr. FORSYTHE: Subject to the production of the other accounts and the privilege which you have accorded me of going into it again, I have nothing further to ask just now.

The CHAIRMAN: The other gentlemen will be subpoenaed if you insist upon it.

Mr. JACOBS: I insist upon it and also ask that Sir John Aird be called for the purpose of examination.

The WITNESS: He has nothing to do with the matter.

Mr. FORSYTHE: Possibly Mr. D. T. Main should be subpoenaed, too.

Mr. JACOBS: Will you have Mr. Main here?

Mr. FORSYTHE: I do not know him; he is not my man.

Mr. LENNOX: I suggested this morning that a disinterested physician should be appointed to examine Senator Haydon, and that the Senator should be asked to produce his bank books covering the distribution of these party funds. There is going to be a real clean-up.

Mr. WHITE: It looks like it.

Mr. STEWART: In addition to what Mr. Lennox has said I suggest that it might be better if the physician had an associate. Very often one physician will not over-ride another unless he has an associate.

Mr. WHITE: With regard to what Mr. Lennox has suggested, supplemented by the remarks of General Stewart, is it the intention that Senator Haydon should be requested to allow a physician to examine him, and is it the wish of the committee that the one or two physicians selected for that purpose should be named by the chairman or by the committee.

Sir EUGENE Fiset: First of all I think we should inquire from Senator Haydon's own doctor as to the advisability of such examination, because the very fact that you are ordering a special medical examination by two or three

doctors may cause shock to a person who is suffering from heart disease. I think we should ascertain the opinion of Dr. Argue first.

Mr. LENNOX: I do not suppose they will examine him except in the presence of his own doctor.

Mr. WHITE: Then is it suggested that if the report of the two doctors indicates that Senator Haydon's presence here is possible he should be subpoenaed and asked to bring with him his cheques, vouchers and books?

Mr. LENNOX: No, that is not what I want, although I do not know whether I reflect the opinion of the committee. He may not be able to attend here, but it would not cause very great inconvenience to the members of the committee if we were to attend at his home.

Mr. JACOBS: Dr. Argue has already stated that he thinks it would be dangerous.

Mr. WHITE: May I suggest, Mr. Chairman, that in the event of Senator Haydon's not being fit to undergo examination either here or at his home, he should be ordered to produce his books and vouchers and cheques in any event.

Mr. JACOBS: How can we do that?

Mr. WHITE: Why not?

Mr. JACOBS: The bank books cannot be cross-examined.

Mr. WHITE: We can call the banker, if it comes to that.

Mr. FORSYTHE: Are those letters filed, Mr. White?

Mr. WHITE: I intended to file them, but there was some objection made to their being filed. They have been used in cross-examination, however, so perhaps they should go in.

#### EXHIBIT No. 111

Letter dated July 14, 1931, from C. F. Lemon, Manager, Discount Department, The Royal Bank of Canada at Toronto to John Aird, Jr., 19 Melinda street, Toronto, Ontario, setting out list of securities held on account of Champlain Construction Company Limited and/or John Aird, Jr.

Letter dated July 14, 1931, from W. J. F. Ross, Assistant Manager, Securities Department, The Canadian Bank of Commerce, at Toronto, to John Aird, Jr., Esq., Toronto, acknowledging receipt of certain securities lodged for safe-keeping.

Letter dated July 14, 1931, from D. D. Macleod, of Messrs. Aird, Macleod and Company, Toronto, to John Aird, Jr., 19 Melinda street, Toronto, *re* \$4,000, province of Saskatchewan 4 per cent bonds being held as collateral security.

Letter dated July 14, 1931, from A. M. MacLennan pro Manager, The Canadian Bank of Commerce, Yonge and Colborne Branch, Toronto, to John Aird, Jr., The Concrete Masonry Restoration, Limited, advising that certain bonds are deposited as collateral to the advances accorded The Concrete Masonry Restoration, Limited, etc.

Letter dated July 14, 1931, from the Assistant Manager of The Bank of Nova Scotia, Toronto, to John Aird, Esq., advising that \$3,000 Dominion of Canada 5½ per cent December 1, 1937, Nos. XX342981-3 is held as collateral security.

Memorandum *re* bonds (two yellow sheets).

Mr. WHITE: May we put it this way, Mr. Chairman, that Price Waterhouse be allowed to examine these?

Hon. Mr. MACKENZIE: It is a question whether those things fit or not.

Mr. WHITE: Perhaps we had better leave that till this examination is made, and I would suggest that the selection of the physicians to make this examination be left to the Chairman.



HON. MR. MACKENZIE: Mr. White, you are raising a question of jurisdiction. I do not think we have the authority to have physicians examine a Senator. You are raising a very big question.

MR. JACOBS: I would suggest that the Chairman get in touch with Dr. Argue and let him make such arrangements with the doctor as he thinks are necessary. In the meantime, seeing that Senator Haydon may not be here for some little time, while he is being examined and so on, could we not go on with the examination of Dr. Eric McQuaig and Mr. Cartier, of Montreal? Will you be prepared to do that, Mr. Lennox or Mr. Chairman?

MR. LENNOX: Yes, I am.

MR. JACOBS: They, I understand, are Conservative organizers whose names have been mentioned as having received funds on behalf of the party. I do not suppose it makes any difference.

MR. WHITE: Funds, did you say, or chicken feed?

MR. JACOBS: Well, it is feed for chickens.

MR. WHITE: Not from the Conservative parties.

MR. JACOBS: We can get through with it perhaps a little quicker; is that your view, Mr. Chairman?

THE CHAIRMAN: We will have to recall Senator Raymond again.

MR. WHITE: I was going to suggest, in view of what has been said in regard to his knowledge of contributions, that he ought to be asked to attend again.

THE CHAIRMAN: I was just wondering. I do not want to disappoint the inquiring minds, but we have evidence now that certain contributions were made to certain political parties. I am told that contributions to political parties are used for election purposes. I do not know whether that is true or not. I am told that is so.

MR. WHITE: It seems a reasonable kind of—

MR. JACOBS: Deduction.

THE CHAIRMAN: I think we can safely assume that that is what those funds were devoted for. Then when we have spread upon the record the funds which were subscribed by the promoters of this project, and to whom they were subscribed, have we not accomplished what we are seeking to accomplish? We can take it for granted, I think, that the funds were devoted for the advancement of the various parties to whom they were subscribed. Is not that the position, Mr. Jacobs?

MR. JACOBS: Yes, I think so. I am inclined to agree with you, Mr. Chairman. So far as I am concerned, I am satisfied that the moneys were turned over to the proper source, except in the case of the witness here who still persists in saying he kept it.

THE CHAIRMAN: Well, the evidence would indicate that he did.

MR. LENNOX: He has had it a year and a half.

MR. JACOBS: He kept the original bonds, I will admit that.

THE CHAIRMAN: There is no evidence to the contrary.

HON. MR. MACKENZIE: There is no need to discuss that here.

MR. JACOBS: We will have witnesses here from Toronto on Monday or Tuesday.

THE CHAIRMAN: Well then, would it serve a useful purpose, Mr. Gardiner? You are more keenly interested in this than anybody else because your party got the least of all.

Mr. JACOBS: You do not suggest that he is going to make a supplementary claim now.

The CHAIRMAN: Your party was not on the preferred list.

Hon. Mr. MACKENZIE: As far as I am personally concerned I am satisfied we have got most of the information now. Our duty here is to get all the information in the public interest and, as far as I know, I think we have got most of it now.

Mr. WHITE: That directly includes the question as to whether Senator Raymond should be asked to return.

The CHAIRMAN: We are through with Mr. Aird for the time being, unless he is recalled. If we could adjourn now we might discuss this amongst the members of the committee, and if there seems to be any useful purpose to be served by finding out the exact destination of those moneys, and the ridings they were devoted to, and all that kind of thing, why all right. But once having established the contributions I think we have exhausted it. Have you any evidence that you can go on with to-morrow, Mr. White?

Mr. WHITE: I am afraid not, Mr. Chairman. You still want Sir John Aird.

Mr. JACOBS: Yes, I would like to have Sir John Aird here.

The CHAIRMAN: I see no objection to that, and the names of the other witnesses will be supplied by Mr. White.

Mr. WHITE: I have given the list of those who sent the letters. And if there are any instructions in regard to the attendance of witnesses I shall receive those from you to-day, sir.

The CHAIRMAN: That may not be just regular, but I will try and consult with as many of the members of the committee as are here in that regard and so instruct Mr. White.

We will adjourn until Monday at 11 a.m.

The Committee adjourned at 2.30 p.m., Friday, July 17, 1931, to resume on Monday, 20th July, 1931, at 11 a.m.





HOUSE OF COMMONS, ROOM 231.

MONDAY, July 20, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. Symmes, for the Committee.

G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

The CHAIRMAN: Mr. White, will you proceed?

Mr. WHITE: I will call Senator McDougald.

Mr. STARR: Notwithstanding the sound legal advice I gave him, Senator McDougald is willing to give his evidence.

WILFRID LAURIER MACDOUGALD, called and sworn.

The CHAIRMAN: Now, gentlemen, the committee will adjourn until 2.30 this afternoon. Some members of the committee, unfortunately, are unable to be here this morning. I am sorry to say that Mr. Jacobs is unable to be present owing, unfortunately, to an accident to his son.

Committee adjourned until 2.30.

AFTERNOON SESSION

On resuming at 2.30 o'clock.

The CHAIRMAN: Mr. White, Sir John Aird is here, and I understand that he wants to leave on the four o'clock train, and if it is not inconsistent with what you have planned this afternoon by way of spreading evidence on the record, I think the members of the committee will be content to have Sir John Aird give his evidence now.

Mr. WHITE: I will be very glad to do that now.

Sir JOHN AIRD called and sworn, and examined by Mr. White.

Q. This is the electric chair, here, Sir John. You, I understand, are chairman of the board of directors of the Canadian Bank of Commerce?—A. I am president of the bank.

Q. President of the bank. You have occupied that position for how long?—A. For several years.

Q. Previously to that you were general manager?—A. I was general manager, yes.

Q. And Mr. John Aird junior is your son?—A. Yes.

The CHAIRMAN: Mr. White, Mr. Jacobs asked that Sir John Aird be called, but unfortunately Mr. Jacobs, by reason of some private matter, cannot be here to-day, and I thought probably Mr. Mackenzie could ask the questions.

Mr. WHITE: I was just going to ask that. I really do not know what the object was in bringing Sir John here. I have not had the opportunity of speaking to him, and I do not know what he is going to say, and perhaps Mr Mackenzie would take on the examination.

*By Hon. Mr. Mackenzie:*

Q. Sir John, I presume you have read press reports in regard to your son's evidence here the other day?—A. Well, I saw it in the papers. I have not read the evidence.

Q. And you, yourself, gave a statement to the press during the week-end?—A. I beg your pardon?

Q. You, yourself, gave a statement to the press?—A. Yes, that I was willing to come here.

Q. You, also, according to the press, said you had no knowledge of the matter referred to here the other day. Is that correct?—A. Well, I knew of course the case was before the committee.

Q. The point that interests us is, did you have knowledge of this transaction?—A. No, I had no knowledge at the time that the transaction was gone into by my son.

Q. Did you have any subsequent knowledge of the transaction?—A. Well, I will have to go back, if the court will permit me, to explain that one reason that my son probably made a mistake. He said he guessed that I knew. The fact of the matter was—

Q. Let me read the evidence of your son, so it will be absolutely clear in your mind. I think it is on page 852 of the evidence, and is as follows:—

*By Mr. Jacobs:*

Q. Now, I ask you whether Sir John Aird knew about the transaction?—A. I do not know whether he knew about it before or not.

Q. You never told him?—A. I didn't talk it over with him, no, until after I got the thing fixed up?

Q. What?—A. Until I got the money.

Q. You told him after you got the money that you had got it?—A. Sure.

Q. You told him the circumstances?—A. Yes.

Q. He knew?—A. I think so.

Q. You told him the truth?—A. I told him; he must have known.

Q. Have you any comment to make at all on that?—A. Well, I certainly did not know of the transaction before, because for a very good reason. He did not remember that I was not in Canada. I have been away from Canada in connection with the radio broadcasting system and another matter, the Institute of Pacific Relations in China and Japan, and when this transaction took place I was either in China or Japan, and he could not have consulted me. I was absent in 1929, practically for ten months, and I did not return to Canada until well on in 1930. It is probable that he—that sometime he would say he had had this transaction, but he did not go into any details with me at all.

Q. You cannot assist the committee or give us any information with regard to the transaction, can you?—A. That he had some negotiations with Mr. Swezey, his friend Mr. Swezey, and that he had made some money, something like that. He did not tell me the details.

Q. He did not tell you the details?—A. No, he did not.

Q. Of the amount?—A. The only time he gave me details, at least any greater information on that, was two or three weeks ago.

Q. After this committee began?—A. After the committee—when the thing commenced to be aired in the newspapers.

Mr. WHITE: You are not now making a pun, are you?—A. It is aired, anyhow. He came to me then, and he told me that judging from what was going on, he probably would have to appear before the committee, and he wanted to know what he would do. Well, I said, "I hope your skirts are clear," as a father would naturally say, "and that you have nothing to conceal." And he said, "No." Well, I said, "Go into the witness box, and tell them the absolute facts of what took place." That is about all that took place between us.

Q. That is all you know about the transaction?—A. That is all I know about the transaction. He did not consult me before, because he had no opportunity.

Q. In other words, you had no antecedent knowledge?—A. No, no, not the slightest information.

Q. That is all.

The CHAIRMAN: Does any member of the committee desire to ask Sir John Aird a question?

The WITNESS: Mr. Chairman, may I make a statement? The bank which I represent has been dragged into this case, for some reason I don't know. I may say that the bank has made advances to this company, and did in the first place on legal advice, on the strength of the Order in Council, and the facts that were put before the public in the prospectus. The bank and two other banks made these advances, and in due course were repaid. I would like to say, however, that the bank got no indirect advantage from this connection. It neither got a cash bonus or a stock bonus, or a bond bonus of any kind. It merely made advances on simple interest, and undertook, that if the project went through, it would further finance the company on the first mortgage bonds. The bank is committed to do that to a certain extent.

*By Mr. Mackenzie:*

Q. After the collateral trust bonds were already issued, was it?—A. Yes. Now, naturally the bank hesitates to make further advances in view of what has transpired in this committee. I wish to make a further statement. I never met Mr. Swezey, would not know him if I met him on the street; never spoke to him. I do not know the members of the hydro commission. I did know Mr. Magrath at the time he was the chairman; but I do not know the members of the hydro commission of Toronto to-day, and I would not know Mr. Cooke if I saw him. Now I would like to make that statement, because from a banker's standpoint, we think a great injury is being done to credit. I have no doubt that Mr. Swezey's company has made many commitments in regard to the purchase of machinery for carrying on this project, but I should say he would have some difficulty in financing until this situation is cleared up.

I would strongly recommend the committee, if possible to clear up this situation in the interests of the country at the earliest possible moment so that the project may go on and the public and the people who have invested in this company might know exactly where they are.

Now, Mr. Chairman, I have made that statement offhand in the general interests of the company.

*By Mr. Lennox:*

Q. Was not your bank interested in those collateral trust bonds, \$30,000,000?—A. We made advances against it under the Order in Council, but the bonds were sold and we were paid off. And, if you will remember, the prospectus stated that there would be another issue of bonds which would be regarded as the first mortgage bonds. The bank agreed at that time, if everything went right, that they would make further advances.



Q. I must have misunderstood Mr. White, because I thought his evidence was that the three banks had undertaken the flotation?—A. No. The banks are not issuing houses.

*By Hon. Mr. Mackenzie:*

Q. Is the company obligated to your bank at the present time?—A. Yes, it is obligated to all the banks. And I think you will find that all the banks take the same attitude I have taken, although I am not speaking for the other banks.

*By Mr. White:*

Q. Sir John, you used an expression "injury to credit". Would you be good enough to tell the committee in what respects the proceedings of this committee have injured the credit of this company, or credit generally?—A. Well, the fact that the public would naturally not take up the second issue of those securities so long as this investigation is going on; they do not know what is going to happen, and I would not think the company would be able to buy machinery if the public confidence in the securities is shaken. I think you should realize this too.

Q. May I take it that it is the fact that the affairs of the company are being investigated?—A. Well, in the manner that they have been and the disclosures that have been made.

Q. I see—A. That is bound to affect the securities.

Q. You are not suggesting any reflection at all upon the committee by the way in which the investigation has been conducted?—A. Oh, no.

HON. MR. MACKENZIE: We did not seek these onerous duties. We are here at the command of parliament.

THE WITNESS: I realize that. I only make that statement in the hope that some solution will be arrived at whereby the work can go on, because it is important that the labour situation should be taken care of. I do not know how many thousand men they have on that canal.

MR. WHITE: About 3,000, they tell us.

THE WITNESS: If the company is not able to get credit, well, the thing will come to a stop.

*By Mr. White:*

Q. Just one more question. You told us about a conversation that you had with your son, I mean John Aird Jr., since this investigation started, and you spoke about some conversation that you had had with him previously to that?—A. Well, I say any conversation I had had with him previous was in a casual transaction at the house, probably at dinner.

Q. I just wanted to know if at that time he had told you that he had received a certain sum of money in a deal with Mr. Sweezey, or words to that effect?—A. I cannot say that he did; I cannot swear that; but I think he would. I have no distinct recollection that he did. But he says he did and I believe him.

THE CHAIRMAN: That will do, Sir John.

*By Mr. Lennox:*

Q. General Stewart has drawn my attention to a statement made by the Honourable Mr. McDougald on the 20th of May, 1931, in which he says:—

The Bank of Montreal, the Royal Bank of Canada and the Canadian Bank of Commerce associated themselves with the backers and underwrote the securities.

Is that statement correct?—A. We did not underwrite. That was done by the Dominion Securities Company.

Mr. WHITE: Is that Senator McDougald's statement.

Mr. LENNOX: Page 150.

The CHAIRMAN: He is reading from Senate Hansard.

The WITNESS: My son is here. I think he has been recalled to give further evidence.

The CHAIRMAN: Thank you, Sir John.

Witness retired.

The CHAIRMAN: Mr. Jacobs also asked that the representatives of the banks who held these bonds be subpoenaed. These bankers, I understand, are here, and if Mr. Mackenzie, acting for Mr. Jacobs, would like to hear them we will be very glad to call them.

Hon. Mr. MACKENZIE: Mr. Chairman, in regard to that I would like to make a statement. These men were called for by Mr. Jacobs, and on investigation and consideration I find it will take at least two weeks to make a thorough investigation with an independent audit of all these bond transactions, coupon transactions, deposits and withdrawals, and it is a matter entirely for the committee as to whether they are prepared to make that investigation or leave it for some other tribunal to do so. They are not my witnesses. That is my statement.

The CHAIRMAN: Let us hear their evidence. We want to make it abundantly plain that these bankers were brought here, for the purpose I presume, of giving evidence as to those bonds, where they were and who owns the bonds. Now they are here and, so far as I am concerned, I am quite content that they be called.

Hon. Mr. MACKENZIE: So am I, Mr. Chairman, absolutely. But I do suggest this, that we cannot have a complete investigation of those transactions with an independent audit which will probably take about two or three weeks, and if the committee wishes to stay here for that period I am quite satisfied to stay here.

Mr. LENNOX: I think we had better get what information they have. They were asked to come here.

The CHAIRMAN: I think you had better call the bankers, Mr. White.

Mr. WHITE: I will call Mr. C. F. Lemon.

CHARLES F. LEMON, called and sworn.

*By Mr. White:*

Q. Mr. Lemon, you are the Manager of the Discount Department, Royal Bank of Canada?—A. Toronto.

Q. At Toronto?—A. Yes.

Q. And is this your letter to Mr. John Aird, Jr.? (*Exhibit No. 111*)—A. Yes, sir.

Q. And is the information contained in there correct? You signed the letter, did you not?—A. Yes, sir.

Q. And you examined your records before you signed it, did you not?—A. No I did not.

Q. Well, do it now then?—A. That is correct, Mr. White.

Q. That is correct, and in accordance with your records?—A. Yes, sir.

Q. Will you tell the committee first, in respect to the first item mentioned here, 12,000 Hydro-Electric Power Commission of Ontario bonds, when those were deposited with your bank for the account of Champlain Construction Company?—A. No, sir, that is incorrect. They were deposited for a loan to John Aird, 27th March, 1931.

Q. It is either Champlain Construction Company or John Aird, Jr.?—A. Yes, sir.

Q. Some of them were Champlain Construction Company and some John Aird, Jr., is that what the letter means?—A. Yes, sir.

Q. Can you tell us when the 12,000 Hydro Electric Power Commission of Ontario bonds referred to in this letter were deposited?—A. On the 27th March, 1931.

Q. Then the next item is 8,000 Province of Saskatchewan. Can you tell us when they were deposited?—A. On the 15th of June, 1931.

Q. And the 2,000 Government of the Province of Alberta?—A. The same date.

Q. And the 10,000 Dominion of Canada War Loan?—A. On the 14th of July, 1931.

Q. Those are numbers 34914-5-6-7-8-9-20-21-22-23?—A. Yes, sir, correct.

Mr. FORSYTHE: What is the date of the letter?

Mr. WHITE: The 14th of July, 1931.

Mr. FORSYTHE: And they were deposited the same date?

Mr. WHITE: Yes.

*By Mr. White:*

Q. Now, will you be good enough to tell the committee whether or not this is an ordinary banking transaction?—A. It is an ordinary banking transaction.

*By Hon. Mr. Mackenzie:*

Q. Mr. Lemon, there were four different transactions with you, the first on the 27th of March, two on the 15th of June, and one on the 14th of July. Is that correct?—A. Correct, sir.

Q. Take the first transaction on the 27th of March. How were these bonds deposited with you?—A. By hypothecation.

Q. By whom?—A. By John Aird, Jr.

Q. Personally?—A. Yes sir.

Q. Did you see him in connection with this deposit?—A. Yes, sir. I took the bonds in myself.

Q. Did you get any instructions in regard to those bonds?—A. They were to be deposited as collateral for his loan, that is all.

Q. Did you have any correspondence of any kind whatsoever with Mr. John Aird, Jr., with regard to those bonds?—A. No, sir. The only correspondence I had was that letter. The only correspondence is that letter.

Q. Were you asked to write that letter?—A. Yes, sir, I was asked to write that letter.

Q. By Mr. Aird?—A. By Mr. Aird.

Q. Take the first transaction on the 15th day of June; did you have any correspondence or transaction in regard to that first transaction?—A. No, sir.

Q. The circumstances were exactly similar, were they?—A. Well, he just came in and deposited them.

Q. They were personally deposited by Mr. Aird, were they?—A. Yes, sir.

Q. And the second transaction on the 15th of June, the same circumstances?—A. Yes, sir.

Q. And the transaction on the 14th day of July?—A. The same thing.

Q. You did not receive any instructions in regard to them?—A. No, sir, I did not receive any instructions in regard to them.

Q. Were those also placed against the loans or advances made by you?—A. Yes, sir.

Q. All four transactions were?—A. Yes, sir.



Q. Did you receive any instructions from any other source whatsoever in regard to those bonds?—A. No, sir.

Q. At any time?—A. No, sir.

Q. Did Mr. Aird have any other bonds in your deposit except those that we are now referring to?—A. None other than the four transactions.

Q. How long has he dealt with your branch in Toronto?—A. Somewhere in the neighbourhood of March 27th, this year.

*By Hon. Mr. Mackenzie:*

Q. Mr. Lemon, the first transaction in regard to these bonds was on the 27th March, 1921?—A. Yes, sir.

Q. Did you have anything to do with this transaction with Mr. Aird, Jr., before then?—A. I did not; I could not say for the bank as a whole.

Q. You said that these bonds were deposited with you on the 27th March as collateral against advances. What were the advances then made by the bank to John Aird, Jr.?—A. \$11,000.

Q. When?—A. On the 27th March.

Q. How?—A. \$10,000 demand loan and a time loan of \$1,000.

Q. A time loan of \$1,000?—A. Yes.

Q. Take the first transaction on the 15th June. By that time had some more advances been made to John Aird, Jr.?—A. That was for a tender cheque of the Champlain Construction Company.

Q. And the amount?—A. \$7,200 on June 2, 1931.

*By the Chairman:*

Q. Was that a marked cheque?—A. Yes, a marked cheque for tender.

*By Hon. Mr. Mackenzie:*

Q. How much did John Aird, Jr. owe your bank on the 14th June before he made these deposits?—A. \$17,200.

*By Mr. White:*

Q. \$18,200 was it not?—A. I think he paid \$1,000.

*By Hon. Mr. Mackenzie:*

Q. How much was deposited in the two transactions of June 15?—A. How do you mean?

Q. By way of collateral?—A. Just the \$8,000. Province of Saskatchewan and the \$12,000 Hydro Electric Power.

Q. So on the evening of the 15th June he had deposited with you collateral to the amount of \$20,000 as against advances of \$17,200?—A. That is correct.

Q. In other words, his collateral was \$2,800 in excess of advances made to him?—A. Yes.

Q. Coming to the 14th July, had you made any advances to John Aird, Jr., between the 15th June and the 14th July?—A. Yes, another tender cheque for \$9,320.

Q. What was the total obligation of John Aird, Jr., to the bank on the morning of the 14th July?—A. Are you speaking of John Aird, Jr., personally or his associated companies?

Q. I am speaking of transactions upon which you made advances to him and as against which these bonds were deposited with you as collateral security.—A. Well, his own advance was \$10,000; the Champlain Construction Company, \$7,200; St. James Court, Limited, \$5,500.

Q. Making a total for all his companies of \$22,700?—A. Yes.

*By the Chairman:*

Q. Does that include the last tender cheque of \$9,320?—A. No, it does not include that; that was paid off on the 4th July.

Hon. Mr. MACKENZIE: We are coming to that.

Q. So on the 15th June he was \$2,800 in credit by way of collateral security deposited over advances made. What was the situation on the morning of the 14th July in regard to the relationship between advances made and securities deposited?—A. \$3,200 in bonds.

Mr. WHITE: Could we have some more windows opened, Mr. Chairman?

The CHAIRMAN: Yes.

Hon. Mr. MACKENZIE: I think the committee is to be congratulated upon this evidence of increased popularity, Mr. Chairman.

Q. That was on the morning of the 14th July?—A. Yes.

Q. As at that time what were the advances made to him?—A. \$22,700.

Q. That is, to himself and to all of his associated and co-related companies?—A. Right.

Q. On the evening of the 14th July he had deposited with you in the meantime \$10,000 more?—A. That was deposited in the morning.

Q. You are taking that into account?—A. Yes.

Q. So on the evening of the 14th July you had \$9,300 more of collateral security in your position than the advances made to him and all his companies?—A. Yes.

*By Mr. Stewart:*

Q. Is it a usual thing to have more bonds deposited with you than has been borrowed against them?—A. That is always the case.

The CHAIRMAN: It is so far as I am concerned, I know.

The WITNESS: Where possible, I should add.

Hon. Mr. MACKENZIE: We appreciate the assistance given to the witness by the committee to the right.

Witness discharged.

WILLIAM JAMES FRANKLIN ROSS, sworn.

*By Mr. White:*

Q. Mr. Ross, I understand you are Assistant Manager of the Securities Department of the Canadian Bank of Commerce?—A. Yes, sir.

Q. And as such did you write this letter, dated July 14, 1931, to John Aird, Jr.? (*Exhibit No. 111*)—A. Yes.

Q. And is the information contained in that letter correct?—A. Yes, sir.

Q. And in accordance with the records of the bank?—A. Yes.

Q. You would not have anything to do with the Yonge and Colborne Branch?—A. No, sir.

Q. This letter reads in part as follows:—

We beg to acknowledge receipt of the following securities which are to be lodged for safekeeping on your account:—

\$40,000 Dominion of Canada War Loan . . . .

Tell us when those were deposited with you?—A. On the morning of the 14th.

Q. By whom?—A. By John Aird, Jr.

Q. Personally?—A. Yes.

Q. Did he have an account with your branch, the head office branch?—A. He had, yes.

Q. Apparently this letter had nothing to do with his account?—A. No.

Q. The securities were simply deposited on the morning of the date of this letter for safe-keeping with the bank?—A. Yes.

Q. And they are there?—A. Yes.

Q. And have been there since?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. Are you at the head office of the Bank?—A. At the main Toronto Branch.

Q. Are you aware of how John Aird, Jr.'s account stood with your branch on the 14th July?—A. Yes, I have records here.

Q. Tell me in round figures?—A. There is no balance at all in the current account.

*By Mr. White:*

Q. Do you mean it was flat?—A. Yes, sir. There is a small savings bank account which shows a balance of \$17.

*By Hon. Mr. Mackenzie:*

Q. How long have you been in the Securities Branch of the Toronto Main Branch?—A. Practically three years.

Q. Did Mr. Aird have any other collateral securities on deposit with you other than the \$40,000 deposited on the morning of the 14th July?

Mr. WHITE: They were not collateral.

Hon. Mr. MACKENZIE: I am getting it out.

Q. What do you say?—A. Yes, sir; there were previous transactions of which I have records here.

Q. Were these held for him in his account?—A. These were held as collateral to certain advances.

Q. Were any advances made to him before the 14th July?—A. Yes.

Q. Can you give me the total amount of the advances made to him?

The CHAIRMAN: You just want it in round figures?

Hon. Mr. MACKENZIE: Yes.

Q. Just round figures?—A. In December, 1929, there was an over-draft created of around \$3,000, and at that time \$10,000 of Dominion of Canada 5½ per cent 1937 bonds were lodged as security for that over-draft.

Q. On what date in December, 1929?—A. The securities were lodged on the 6th and the over-draft was created on the 7th.

*By the Chairman:*

Q. And the \$10,000 of bonds mentioned were part of these bonds of which you are speaking?—A. Yes.

Hon. Mr. MACKENZIE: That is a question I was just going to ask him.

Q. How was the account so far as the over-draft was concerned before the 14th July, let us say on the 13th of July?—A. This account was closed on the 18th April; there has been no entry in it since.

Q. So the next thing you knew after the 18th April was his appearance at your branch on the morning of the 14th July?—A. Yes.

Q. Did he appear personally?—A. Yes.

Q. And he deposited these \$40,000 of bonds with you personally?—A. Yes.

Q. Did you have any instructions from him in regard to those?—A. No.

Q. Did you know the source from which they came?—A. No.

Q. Did you have any conversation with him on the morning of the 14th July?—A. He came to my wicket and said he wished to lodge these bonds for safe-keeping, and would like me to give him a receipt. I checked the bonds



over and turned them over to a stenographer, who wrote that letter, and I then checked them back on the letter and signed it and gave it to him.

Q. You took the bonds without any instructions and gave him the letter, which the committee now has in evidence, in return?—A. Yes.

The CHAIRMAN: He said that before.

*By Mr. Lennox:*

Q. That is all you know with regard to the history of the \$40,000?—A. Yes.

Q. You knew nothing about them before they came to you on the 14th July?—A. Those bonds were part of some bonds received for delivery to John Aird, Jr., in December, 1929.

*By the Chairman:*

Q. These were part of the bonds sent by express from Montreal?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. They came to you from Montreal on the morning after the transaction took place?—A. They were received by us on the morning of the 6th December, 1929.

Q. That is \$120,000 in bonds?—A. Yes.

Q. How long were these bonds left in your custody?—A. They were delivered the same day to Mr. Aird.

Q. Was any account opened in connection with these bonds by Mr. Aird with you then?—A. No, sir.

Q. They just passed through your hands?—A. Yes.

*By Mr. White:*

Q. Have you the numbers of the bonds which you received on the 6th December?—A. Yes.

Q. I will check that up and let you have them—A. I have them on the original letter which arrived from Montreal, and I also have a photostatic copy of it.

Q. If you will let us have that.

Hon. Mr. MACKENZIE: What is that?

Mr. WHITE: A photostatic copy of the letter received from Montreal enclosing the bonds received by them on December 6th signed John Aird, Junior. I just wanted to be certain that they were the actual bonds that were spoken of.

The CHAIRMAN: We will file that photostatic letter.

(Photostatic copy of letter dated December 6th, filed, marked Exhibit 112.)

*By Mr. White:*

Q. Now, I wasn't quite clear about something. Is it not a fact that between the 6th December, 1929, and the 14th July, 1931, at some time during that period, some of those bonds came back to you as collateral security for advances?—A. Yes, sir.

Q. When was that?—A. The same day \$10,000 of these bonds were lodged as collateral for this overdraft.

Q. You say an overdraft was created then?—A. An overdraft had been created the next day.

Q. By arrangement?—A. By arrangement.

*By Hon. Mr. Mackenzie:*

Q. When the overdraft was created was any money withdrawn?—A. I assume by way of a cheque.

Q. Do you know the amount of the cheque?—A. Yes, sir. \$3,155.

*By Mr. White:*

Q. Have you got the cheque?—A. No sir.

The CHAIRMAN: I do not think we are interested in it.

*By Mr. White:*

Q. I wanted to know if \$10,000 of these bonds were returned to you at that time as collateral?—A. Yes.

Q. At any time during the period I have mentioned were there any of the bonds used for collateral to overdraft on loans advanced, and on behalf of Mr. John Aird, Junior?—A. You mean of these particular Dominion of Canada Bonds?

Q. Yes?—A. No sir; they were the only Dominion of Canada bonds which were at any time in that period—

Q. Did you have other bonds deposited during that period by Mr. Aird as collateral?—A. Yes.

Q. What were they—a collateral transaction?—A. \$12,000 Hydro Electric Powers Commission's bonds were deposited on the 1st August, 1930.

Q. As collateral to a loan?—A. Yes, sir.

Q. And were they withdrawn later?—A. Yes, sir.

Q. When?

The CHAIRMAN: Can you identify the Hydro Electric bonds as the same bonds?

Mr. WHITE: It is the same amount, Mr. Chairman.

The CHAIRMAN: It is obvious that they are the same.

Mr. WHITE: I do not think there is any question.

WITNESS: Those were surrendered on the 27th March, 1930.

*By Mr. White:*

Q. When the loan was paid off?—A. Yes.

Q. Have you got the numbers of those bonds?—A. That is in the nature of an interim bond certificate issued by the Dominion Securities Corporation.

Q. I see; not a definite bond.

*By Mr. Mackenzie:*

Q. Will you explain that so that a humble financial mind like mine can grasp it?—A. Prior to the issue of the definite bonds, the Dominion Securities issued what were called interim certificates which were really issued by the Dominion Securities Corporation.

*By Mr. White:*

Q. And when the definitive bonds were lithographed and issued they were replaced?—A. Yes, sir.

Q. Were there other bonds deposited during this interval between the 6th December, 1929, and the 14th July, 1931?—A. No, sir.

*By Hon. Mr. Mackenzie:*

Q. Outside of the \$40,000 that came back on the 14th of July, 1931, you have no personal knowledge as to where the remaining bonds were, which you had in your hands, on the 6th day of December, 1929?—A. No, sir.

Witness dismissed.

DONALD DOUGLAS MACLEOD, called and sworn.

*By Mr. White:*

Q. You are a member of the firm of Aird, MacLeod & Company?—A. Yes, sir.

Q. Dealers in bonds and investment securities in Toronto?—A. Yes, sir.

Q. And writer of this letter dated July 14, 1931, addressed to John Aird, Junior? (*Exhibit No. 111*)—A. Yes, sir.

Q. Is your brother a partner of Mr. Aird?—A. Yes sir.

Sir EUGENE Fiset: This letter is not on the record.

Mr. WHITE: Yes, it is 112. This letter, on order that it may be read in is dated July 14, 1931, addressed to John Aird, Junior, and is as follows:—

We are holding \$4,000 Province of Saskatchewan 4 per cent bonds—due 15 November, 1957—as collateral security against your account with us, numbers as follows: 1530, 1899, 0900, 0201.

Your very truly,

(Sgd.) AIRD, MACLEOD & COMPANY.

*By Mr. White:*

Q. Is this letter in accordance with facts?—A. Yes sir.

Q. And when did you obtain these \$4,000 of bonds from Mr. Aird?—A. On November 11, 1930.

Q. 1930?—A. Yes sir.

Q. As collateral to his account with you?—A. Yes sir.

Q. Still holding them?—A. Yes sir.

*By Hon. Mr. Mackenzie:*

Q. Were you asked for this letter of July 14?—A. Yes sir.

Q. How long was Mr. Aird—John Aird, Junior, trading with your firm?—A. March 1st, 1929.

Q. Did he have any other security collateral with your firm except \$4,000?

A. That is all sir.

Q. When was that deposited?—A. I think I gave that date—November 11, 1930.

Q. Were there any instructions given regarding this particular deposit?—

A. No. Apart from the fact that he had that trading account.

Q. Was he behind with your firm?—A. No, sir, he was not.

Q. That is all thank you.

Witness dismissed.

ALEXANDER MACDONALD MACLENNAN, called and sworn.

*By Mr. White:*

Q. You are employed, I understand, by the Bank of Commerce, Yonge and Colbourne Branch, in Toronto?—A. Yes, sir.

Q. In what position?—A. Accountant.

Q. Did you sign this letter dated July 14, addressed to John Aird Junior? (*Exhibit No. 111*)—A. Yes, sir.



Q. The letter is as follows:—

TORONTO 2, Ont., July 14, 1931.

Mr. JOHN AIRD, Jr.,  
The Concrete Masonry Restoration Ltd.,  
McKinnon Building,  
Toronto.

DEAR SIR,—This is to advise that the following bonds have been deposited with us as collateral to the advances accorded the Concrete Masonry Restoration Limited:

and then there are other bonds mentioned in the letter. The ones we are concerned with are XX342627-32E—I suppose that is inclusive?—A. Yes.

Q. XX231851; XX231853-5E, inclusive?—A. Yes.

Q. XX342964-5E, inclusive—\$10,000 Dominion of Canada 5½ per cent December 1st, 1937—I suppose that is the due date?—A. Yes.

We shall be obliged if you will have the enclosed form of hypothecation signed and sealed by the proper officers of the Concrete Masonry Restoration Ltd., and returned to us.

Yours truly,

(Sgd.) A. M. MACLENNAN,  
*pro Manager.*

Q. Can you tell the members of the committee when these Dominion of Canada bonds were delivered to the bank?—A. Yes, on the morning of the 15th of July.

Q. July?—A. 1931.

Q. 1931?—A. Yes.

Q. As collateral?—A. Yes, sir.

Q. Was that done at your request or—A. Pardon?

Q. We are concerned to know how—the date is rather of some significance here—was that on demand of the bank or did Mr. Aird voluntarily deposit these or how did they come to be deposited?—A. These bonds, I understand, were to be lodged as security against those advances which are now current.

*By Hon. Mr. Mackenzie:*

Q. Against what?

Mr. WHITE: Advances which are now current.

Q. How much is the advance?—A. The advance at the present time is \$19,500.

Q. How much security are you holding against that?—A. Approximately \$24,000.

Q. Under what circumstances did this particular lot of \$12,000 of Dominion of Canada, 1937, come to be deposited?—A. In the usual course of business.

*By Hon. Mr. Mackenzie:*

Q. Mr. MacLennan, before the 14th day of July, 1931, how did John Aird, Junior's account stand with you by way of collateral securities and advances made to the company actually?—A. Before the 14th sir?

Q. Yes, or on the 13th?—A. The advances were \$19,500 and the securities approximately \$12,000.

Q. \$12,000?—A. Yes.

The CHAIRMAN: In addition to \$19,500?

Mr. FORSYTHE: There was \$19,000 advanced on \$12,000 security.

*By Hon. Mr. Mackenzie:*

Q. Have you any correspondence with Mr. John Aird about the second week in July asking for further securities?—A. No, sir.

Q. So that the deposit made on the 14th July in your branch was not made in response to a letter received from your or your bank?—A. No, sir.

Q. That is correct, is it?—A. Yes.

Mr. WHITE: I should have mentioned, Mr. Chairman, before these witnesses were called, that Mr. Huyck, of the Osler firm of Toronto, informed me this morning that he was here representing Mr. John Aird, Junior, and I do not know whether he cared to ask the committee for permission to ask any questions respecting this matter, or whether the committee would consider according him that privilege.

Hon. Mr. MACKENZIE: Any witness appearing before this committee is entitled to counsel, surely.

Q. Did you have any instructions from Mr. John Aird in regard to this particular transaction, on the 14th July?—A. No, sir.

Q. The transactions made in your subsidiary branches are all reported to the head office?—A. That would all depend, sir.

Q. I beg your pardon?—A. All the entries, yes, sir.

Q. Would the various transactions and deposits of Mr. John Aird, Junior, be within the knowledge of the head office?—A. Yes, sir.

*By Mr. Lennox:*

Q. This transaction of John Aird, Junior, was it an unusual one, or a common one?—A. It was not an unusual one, sir.

*By the Chairman:*

Q. It was done in the ordinary course of banking business?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. Did Mr. Aird himself, personally, make transactions of this type with you previously?—A. This is the only one to my knowledge, sir, that he did make.

Q. The only one he personally made with you at your branch?—A. Yes, sir.

Witness dismissed.

KENNETH S. RUSSELL, called and sworn.

*By Mr. White:*

Q. What is your second name?—A. Sterling.

Q. I suppose that is why you are in the bank. You are assistant manager of the head office branch of the Bank of Nova Scotia, Toronto?—A. The main office, Toronto.

Q. As such, did you write this letter (*Exhibit No. 111*), dated July 14th, 1931, to Mr. John Aird, Junior?—A. I did.

Q. That letter is this:—

DEAR SIR,—We beg to advise holding the following security as collateral for your account, \$3,000 Dominion of Canada, 5½ per cent, December 1, 1937, 342981-3, inclusive.

Is that in accordance with the bank records?—A. Yes.

Q. When were these deposited at your bank as collateral?—A. March 19, 1930.

Q. To the personal account of Mr. Aird?—A. Personal loan to Mr. Aird.

Q. You still hold them?—A. We still hold them.

*By Hon. Mr. Mackenzie:*

Q. When did Mr. Aird open his account with your branch, Mr. Russell?—A. Some time prior to 1925.

Q. He had other securities deposited at your branch?—A. Looking back over the records, he had, over a period of years.

Q. But on the date you gave, March 19, 1930?—A. He had nothing.

Q. No collateral securities, then?—A. No.

Q. What was the state of his account which he owed on that date?—A. Are you referring to loan or to his deposit accounts?

Q. Take the loans as advanced, and securities with you?—A. \$3,000.

Q. That is, at the time he made this deposit with you?—A. Yes.

Q. The deposit was \$4,000?—A. \$3,000.

*By the Chairman:*

Q. Do you mean deposit security?—A. That is right.

*By Hon. Mr. Mackenzie:*

Q. That deposit has been in your possession ever since?—A. Yes sir.

Q. That is all.

Witness retired.

Hon. Mr. MACKENZIE: In regard to the general evidence given by the bankers, it is very much appreciated by me, as one of the committee, but I am entirely dissatisfied personally that this gives the committee full opportunity of weighing this entire transaction. I would suggest that the matter be more thoroughly gone into, by competent auditors or in some other way, or by another tribunal.

The CHAIRMAN: The evidence seems to me to be very complete as to the history of the bonds.

Hon. Mr. MACKENZIE: If you are content to leave it there, all right.

Witness dismissed.

WILFRID LAURIER McDUGALD, called.

The WITNESS: Mr. Chairman and gentlemen.

Mr. STARR: Mr. Chairman, before going on with the examination of Senator McDougald, I would like to make an application along these lines; he is in a different category from the other witnesses, because he has been charged by Mr. Gardiner, a member of the committee sitting here to-day, with certain charges made in the House of Commons. Under those circumstances I desire to ask you to let me take him over his own story first, then he is open to examination. I think he is entitled to that because of the charges levelled against him.

Mr. WHITE: I think I shall be able to elicit the facts, Mr. Chairman.

The CHAIRMAN: Oh, I think so. Others who have given evidence were mentioned by Mr. Gardiner in his address in the House of Commons, particularly Senator Raymond.

Mr. STARR: They did not come under the head of Mr. Gardiner's speech in the Commons. I think Mr. Gardiner ought to vote for this himself.

Mr. LENNOX: I think your position would be very much stronger if you followed Mr. White.

Mr. STARR: I would follow Mr. White anyway.

Mr. LENNOX: I mean to say it would be very much stronger.

Mr. STARR: I would follow him anyway.

The CHAIRMAN: I think we can get along by direct examination by the committee counsel. At any time, Mr. Starr, you think the evidence is not being put in properly, or something is being left out, or a wrong interpretation is placed on anything, you will be given full opportunity.



Mr. STARR: I may interrupt Mr. White without being sat upon?

Hon. Mr. MACKENZIE: Probably you will both be sat upon.

The WITNESS: Mr. Chairman and gentlemen, I am here to answer to your summons. But before giving evidence I would like to make a short statement in addition to the one made by my friend, Mr. Starr, on Thursday last.

I regret exceedingly that I was forced into the position of showing apparent disregard to your committee and to the House of Commons by not coming here on the first summons. I understood on what I considered to be the very best authority that I would be questioned and cross-questioned on matters of which I have no knowledge whatever, and in which I did not want to be the one to even hint at what was brought out before your committee on Friday last. To-day it is cleared up, and I wish to say that I feel now, as Chairman of the Beauharnois company, it is my duty and my pleasure to come here to answer any and all charges which you may desire to ask me with regard to my personal relations with that company, and I feel that I owe that to the shareholders and to the investing public.

*By Mr. Lennox:*

Q. Did I understand that you were not aware that that statement was going to be read by Mr. Starr?—A. I did not say that.

Q. I misunderstood you. What is your position with regard to that statement?—A. That it was a perfectly good legal opinion which I had as to whether I should or could come here, being a Senator.

Q. It was read with your knowledge?—A. Oh, yes, certainly.

*By the Chairman:*

Q. As I gather your statement, Senator, something has happened between the time of your refusal to attend and to-day that has caused you to change your attitude?—A. Exactly.

Q. What happened?—A. The evidence that was brought out here on Friday, which I could not mention specifically, and there is another reason why I should not, that is, campaign funds of which I had no responsibility or no knowledge. I had been told that I would be asked questions on that and I did not want to be put in that position.

Q. Who told you that?—A. On very good authority.

Q. Who told you that?—A. I was told that.

Q. Who told you that?—A. Well, I do not know that I could say exactly.

*By Mr. Lennox:*

Q. My recollection is it was Senator Haydon and Senator Raymond to whom the money was paid?—A. Exactly.

Q. And your name was not mentioned?—A. My name was not mentioned.

Q. Why should that change your opinion?—A. Because I do not want to be the one who would say anything about campaign funds if I was questioned about them by this committee.

*By the Chairman:*

Q. Someone told you that you were going to be asked about campaign funds?—A. Yes. I had no knowledge whatever of campaign funds.

Q. And that is the reason you have changed your mind and appear here to-day?—A. That is one reason. And the second is I feel it is my duty to come here and not hold up this investigation pending legislation, or whatever might be necessary to determine my action as a Senator in not coming before the committee.

*By Mr. White:*

Q. Was it not just equally your duty at the time that Mr. Sweezey made his statement?—A. At that time I was just considering my own personal interest in the Beauharnois company. I was attacked personally and I felt, that, up to that time nothing had been said that could substantiate any of the charges that were made. They were not exactly charges, by Mr. Gardiner, and, therefore, nothing had happened that I could see that hurt the company in any way up to that time.

Hon. Mr. MACKENZIE: Let us get on with the evidence, Mr. Chairman.

*By Mr. White:*

Q. You are at present, Senator McDougald, the Chairman of the Board of the Beauharnois Power Corporation Limited. I understand?—A. Yes, sir.

Q. Elected on the 20th of December, 1929?—A. I think that was the date. I would not swear to it.

Q. And on the list of Managers of the Preferred Shareholders, that is, the Management Preferred Shareholders— —A. Yes, sir.

Q. I see you were elected to that Board on the 17th December, 1929?—A. Sometime about that date.

Q. And on the list of directors I see you were elected a director on the 20th December, 1929?—A. Sometime about that date.

Q. And in the Beauharnois Light, Heat & Power Co., I see you were elected a director on the 3rd of March, 1930?—A. That would be correct if you have it there, sir.

Q. And the Beauharnois Construction Company, a director on the same date, the 3rd of March, 1930?—A. They were all subsidiary companies of the Beauharnois Company.

Q. Yes, we are aware of that. And in the Beauharnois Land Company you appear to have been elected a director on the 25th of March, 1931?—A. I think that would be correct, sir.

Q. And the Beauharnois Transmission Company, a director on the same date, the 25th March, 1931?—A. Yes, sir.

Q. And you still hold these offices?—A. Yes, sir.

Q. Then you were appointed to the Senate first, I understand, on the 25th of June, 1926.—A. I was a near Senator for some months.

*By the Chairman:*

Q. What is that?—A. I was a near Senator only for some months. I was appointed to the Senate in, I think, the spring of 1925.

Q. By whom?—A. By the King government. There was a change of Government before I was sworn in as a Senator. I did not go to the Senate until the following year.

*By Mr. White:*

Q. The following fall, was it not?—A. I cannot exactly say the date.

Q. The same year, in October?—A. I think not, sir. I think there was no session of Parliament until the following year, and I, therefore, was not sworn in.

Q. I understand you were sworn in in October.—A. I do not think so, sir, because there was no session of Parliament in that year. I may be wrong.

Hon. Mr. MACKENZIE: We have the commission here in evidence.

The WITNESS: I am only speaking from memory, but I think the session was not called until—

Mr. LENNOX: I took down the date here, December, 1929.

Hon. Mr. MACKENZIE: Oh, no, no.

Mr. LENNOX: I do not know what that refers to.

Mr. WHITE: That is the date of the dissolution of the Syndicate.

Hon. Mr. MACKENZIE: My recollection is the same as yours, Mr. White.

The WITNESS: My recollection is I went to the Senate Chamber in May of 1925 after I had been named by the Governor General. My parchment had not been signed, had not been finished by the Department of State in time to get the signature again of His Excellency, and when I appeared before the Senate door I was told that they had nothing there to show that I had been named to the Senate. Parliament then dissolved. Mr. Meighen went to the country. There was an election in the fall of that year, and the following spring, when the first session of Parliament was called, in 1926, I appeared before the Senate and was sworn in. That is from memory.

The CHAIRMAN: The date is the date of your second commission.

Mr. STARR: He cannot be sworn in unless Parliament is sitting.

*By the Chairman:*

Q. But your appointment was in October?—A. I was not a Senator until I was sworn in.

Hon. Mr. CANNON: He is summoned to the Senate and then he is sworn in when the session is on. A Senator is not appointed, he is summoned.

Hon. Mr. MACKENZIE: It is pretty obvious nowadays.

Mr. WHITE: Summoned to the Senate and summoned elsewhere.

The WITNESS: I cannot tell you, Mr. White, exactly the date when I was named to the Senate.

*By Mr. White:*

Q. Your counsel stated that you were summoned in October, 1926.

Mr. STARR: I did not. I merely read from the Canadian Manual that he was appointed in October, 1926. I did not say anything about him being summoned.

Mr. LENNOX: The Senate would not be sitting in October.

The WITNESS: No, sir.

*By Mr. Lennox:*

Q. I understood Mr. Starr to say that you were appointed and took the oath in June, 1926 or 1927, I am not sure which.—A. As a matter of interest, perhaps, I might just say this, that the original—I am not sure of the term—the Secretary of State issues a script—I do not know what it is called—which had been signed before the election of 1925 by the then Secretary of State and by His Excellency, Lord Byng. It had to come back again for his signature and that was not done.

*By the Chairman:*

Q. Before the dissolution?—A. No, sir. Then after that, in the fall of the year, after the election whenever it was, in September or October, the same document was sent to His Excellency the Governor General, Lord Byng, and was signed by him.

Q. That is in October.—A. That was following the election, whenever that was. I do not know the date.

Q. Mr. Lennox says that your first appointment—if it can be called an appointment—or summons, was made the night before Parliament dissolved?—A. No, sir.



Mr. FORSYTHE: You mean the night before the resignation of the government.

The WITNESS: It had been made some days before that, sir, but it did not reach the Secretary of State's Department with the signature of His Excellency and, therefore, when the government resigned, the King Government of the day, there was no Secretary of State to carry on, or no one in authority to put it through, and it was held up.

*By Mr. White:*

Q. The Canadian Parliamentary Guide says this,

"Honourable Wilfrid Laurier McDougald was called to the Senate June 25th, 1926, but commission having failed to issue was again called in October, 1926."

I assume that the Parliamentary Guide is correct?—A. I think that is correct, sir, but I was not sworn into the Senate until the following session of Parliament, which took place after Christmas.

Mr. LENNOX: The dissolution of the House was announced, if I remember correctly, at Richmond Hill in my riding. The election was in September.

Mr. WHITE: Yes, the 29th of September.

Mr. LENNOX: But the announcement was made at a meeting some time in June.

Mr. JONES: You are referring now to 1925. This was 1926, Mr. Lennox, I think. It was in 1925 that Mr. Mackenzie King made the announcement in your riding. This was after the hectic session of 1926.

The WITNESS: That is right, sir.

*By Mr. White:*

Q. Then you are a member, or were a member rather of the National Advisory Committee on the St. Lawrence Waterway?—A. I was, sir, I am not now. There is no committee.

Q. The commission has expired, has it?—A. Yes, sir.

Mr. WHITE: I would like to put in the Order in Council appointing that commission, or committee rather. It is dated the 7th of May, 1924, and is P.C. 779 of that year, and reads as follows:

The Committee of the Privy Council have had before them a Report, dated 7th May, 1924, from the Secretary of State for External affairs, submitting that the question of improving the navigation on the St. Lawrence Waterway so as to provide access to the Great Lakes for maritime commerce, is one of considerable difficulty and complication, and its right decision may be of the highest possible importance to Canada. The project necessarily involves collaboration with the United States of America and the expenditure of very large sums of money. The minutest examination of the problem in all its aspects, financial, economic, technical and international, is not only justified but essential. The International Joint Commission has held hearings on the subject in both Canada and the United States, and has submitted a most elaborate and valuable report; the engineering problems involved have already been the subject of enquiry and report by an international board of engineers, and are to be further investigated by another such Board; other technical connected questions are in course of being studied by an interdepartmental committee.

The Minister is of the opinion that it would be in the public interest to constitute a National Advisory Committee to consider generally whether or not the project would, if completed, be beneficial to Canada, whether the

benefits which might accrue and the pecuniary returns, direct or indirect, which may be anticipated from it are such as to counterbalance its disadvantages, if any, whether Your Excellency should indicate a readiness to enter into discussions with the United States of America looking towards the negotiation of a treaty for the carrying out of the necessary works, and what should be the character of the stipulation which any such treaty should contain. The Minister accordingly recommends that a National Advisory Committee be constituted for the purposes aforesaid, the Honourable George Perry Graham, Minister of Railways and Canals, to be Chairman thereof, and the following to be its members:

Thomas Ahearn, Ottawa, Ont.

Honourable Walter Edward Foster, St. John, N.B.

Beaudry Leman, B.Sc., C.E., Montreal, P.Q.

Edward D. Martin, Winnipeg, Man.

Dr. Wilfrid Laurier McDougald, Montreal, P.Q.

Honourable Sir Clifford Sifton, K.C.M.G., K.C., Toronto, Ont.

Major-General John William Stewart, C.B., C.M.G., Vancouver, B.C.

Honourable Adélard Turgeon, C.M.G., C.V.O., Quebec, P.Q.

The Committee concur in the foregoing recommendation and submit the same for approval.

E. J. LEMAIRE,

*Clerk of the Privy Council.*

Exhibit No. 113, Order in Council No. 779.

*By Mr. White:*

Q. Then having been appointed in 1924 to that committee, I understand you acted as a committee man?—A. Yes

Q. And at that time you were occupying a position in connection with the Montreal Harbour Board?—A. I was Chairman of the Montreal Harbour Board at that time, and that was why I was named to the committee.

Q. One of the reasons?—A. The principal reason, sir.

Q. We will not argue that. You and I might not agree. During what time did you act as Chairman of the Montreal Harbour Board?—A. I was Chairman of the Montreal Harbour Board from 1922—I am not sure of the exact date—until some time in 1925, when I was named to the Senate and resigned from the Montreal Harbour Board.

Q. Who named you as Chairman of the Montreal Harbour Board?—A. It was an Order in Council by the King Government; I cannot tell you who did it. Then I was reappointed.

Q. Just a moment—A. I am trying to tell you that when I was named to the Senate I resigned as Chairman of the Montreal Harbour Board, and after the elections of 1926 I was asked—and I think I can state here that it was at the request of the shipping people of Montreal—by the Government to resume my duties as Chairman of the Montreal Harbour Board without salary; and I agreed to do so thinking that I would be of some service to the country.

Q. Are you still Chairman of the Montreal Harbour Board?—A. No, sir. After the elections of the 28th July, 1930, I immediately resigned.

Q. So we may take it that with the exception of these few months, you were Chairman of the Montreal Harbour Board from 1922 until 1928? (No answer.)

The CHAIRMAN: 1928?

Mr. WHITE: I mean the 28th July, 1930, Mr. Chairman.

*By the Chairman:*

Q. On what date did you send in your resignation?—A. Shortly after the elections. In accordance with the usual practice and propriety, as I saw it, I sent my resignation to the Hon. R. B. Bennett through his Minister, the Minister of Marine.

*By Mr. White:*

Q. And you told us you accepted the position without salary in view of the request of the shipping interests?—A. I could not accept two salaries from the Government, and therefore I had to accept it without salary.

Q. I am not worrying about that phase of it. The point that I wish to emphasize in your evidence, if it is properly emphasizable, is that you accepted the position of Chairman of the Montreal Harbour Board without salary because you thought you could be of some use to the country in the occupation and exercise of that position?—A. Correct.

Q. I may take it then that you did this from a sense of your responsibility as a citizen of Canada?—A. Correct, sir.

Q. And having regard to the high privileges to which those of us who enjoy that citizenship are entitled?—A. Quite correct.

Q. And of course, having regard to those facts, your first duty would be to Canada?—A. Correct.

Q. Now, the Montreal Harbour Board has to do with what?—A. Well, I would say my conception of the duties of the Chairman of the Board is that they require him to have regard to everything that pertains to the trade and commerce of this country, because more than 33 per cent of the trade and commerce of Canada—speaking now about export and import trade—passes through the port and harbour of Montreal. Therefore it is the duty of the Chairman and his Board to make a study of everything that may affect the movement of commodities that come in and out of Montreal; and at that time the waterways scheme was the chief question of importance that had to be considered.

Q. When you say in and out of Montreal, you mean from inland points towards Montreal?—A. I mean import and export also from the Great Lakes to Montreal.

Q. Which naturally involves a study of the St. Lawrence waterways problems?—A. Absolutely.

Q. And therefore you were, as perhaps you have intimated, specially qualified to act on this National Advisory Committee?—A. Not so much by myself but with the Harbour Staff, whose duty it is to make a study of matters of that kind. I considered they were well informed and were in a better position—the controversy at the time, if I may say so, that was carried on by all the newspapers, and principally the newspapers of Montreal and the Province of Quebec indicated that they were against the deepening of the St. Lawrence, and the argument they put up was that the port of Montreal would be adversely affected by the deepening of the St. Lawrence waterway because shipping that at that time stopped at Montreal would go on through the Great Lakes to your own City of Toronto, for instance.

Q. Without trans-shipment?—A. With trans-shipment; that there would be through traffic which would be ruinous to the port and harbour of Montreal. That was not the opinion of my predecessors in office when I went on to the Harbour Board, nor the opinion of the staff, and the port authority, I frankly say here, is in a much better position to judge of matters of that kind than any other body; and when I was named to the National Advisory Committee that is what the government of the day had in mind and also what I had in mind in accepting the position.



Q. In other words, you occupied a specially advantageous position because you had at your disposal the information and data which the officers of the Montreal Harbour Board possessed?—A. Quite so.

Q. And having a high regard for the advantageous position in which you found yourself I suppose it was equally so that you would consider that you must be very careful about how you would exercise your judgment and influence?—A. I have always tried to do that.

Q. The answer could be made categorical if you desired to make it?—A. Well, I say definitely so.

Q. Then you also had, somewhat early in your career as a member of or Chairman of the Montreal Harbour Board, become interested in the water power which might be developed between Lake St. Francis and Lake St. Louis, or what is called the Soulanges section of the St. Lawrence River?—A. I would not say I had become interested.

Q. We are told by a gentleman who is now closely associated with the company of the Board of which you are Chairman, namely, Mr. Henry, that he and you conferred about this matter as early as 1923?—A. Yes.

Q. And that you financed his investigations?—A. That is correct.

Q. And that you retained Mr. McRae, an engineer of Ottawa— —A. I did not retain him.

Q. That he was retained?—A. He was retained.

Q. And paid by you?—A. With my money, yes.

Q. With your money. And that you, in connection with Mr. Henry, caused to be incorporated a company in the 15th July, 1924, known as the Sterling Industrial Corporation, Limited?—A. I did not cause it to be formed.

Q. That you paid the fees in connection with its formation?—A. Now, Mr. White, you are looking for information about that, are you not? Mr. Chairman, may I tell you exactly what happened?

The CHAIRMAN: Just answer the questions, Mr. McDougald, and you will get along all right.

*By Mr. White:*

Q. I am asking you if you paid the legal fees in connection with the formation of that company?—A. I could not say directly that I did, no.

Q. Will you say you did not?—A. I say I agreed to finance Mr. Henry to the extent of \$10,000 to make a survey, study and report on the Soulanges district.

Q. Are you expecting us to understand you to say that you did not know the Sterling Industrial Corporation, Limited was being formed?—A. I did not know. I gave Mr. Henry carte blanche as to what he should do, and agreed to finance it up to \$10,000.

Q. Then we may take it that at the time the Sterling Industrial Corporation, Limited was formed you did not know he was forming it?—A. I did not know what his steps were at all.

Q. Please answer the question. Do you say you did not know it was being formed?—A. I did not know what steps were being taken.

Q. Did you know the Sterling Industrial Corporation, Limited was being formed?—A. When Mr. Henry came to me first—

*By the Chairman:*

Q. You are deliberately avoiding the question.—A. I am not.

Q. The question is so simple.—A. I knew that some company was being formed.

Hon. Mr. MACKENZIE: I think you should be fair to the witness.

The WITNESS: When Mr. Henry came to me he suggested that it was necessary, perhaps, before he could make application to the Department at Ottawa to have a company. I said to him that I had a charter which was inactive, and that he might use that.

*By Mr. White:*

Q. What was that charter?—A. The Superior Sales Company, if I remember rightly. I had agreed to finance him up to \$10,000 in his investigation and in his report, and later on he came to me and told me that when the charter of the Superior Sales Company was looked into it was found that it was not broad enough to cover what he wanted. That was months before I went on the National Advisory Committee. He said to me that the firm of McGiverin and Haydon, who were acting in the matter, said they would have to get a new charter, and I told him that I would finance it up to \$10,000, and if they needed a charter to go ahead and get it. I was not on the National Advisory Committee then, and I did not know that the charter was through until after I had been named to the National Advisory Committee.

Q. And then I suppose you resigned?—A. No, but I told Mr. Henry I was not interested. He came to me with a letter in reply to an application that the company had made to the Department of Public Works and told me that the application had been refused because the matter had been referred to a body of engineers, and that nothing could be done in connection with the matter, and I said: "I am very glad, because I cannot be interested in that any longer."

Q. That was your attitude?—A. Yes.

Q. That you could not be interested any longer, and you considered that your interest had ceased because of the refusal of the department?—A. That is not quite correct: that I could not be interested as long as I was sitting on the National Advisory Committee, and until the report was made by that body.

Q. You considered the application, because of what had been reported to you by Mr. Henry, was useless?—A. Yes.

*By Mr. Lennox:*

Q. Were McGiverin and Haydon your solicitors?—A. They were the solicitors Mr. Henry employed.

Q. Had they been yours?—A. No, not my personal solicitors.

*By Mr. White:*

Q. I may point out to you, Senator McDougald, that you were appointed to the National Advisory Committee on the 7th May, 1924, and the charter of the Sterling Industrial Corporation, Limited and the application to the Department of Railways and Canals are dated the 5th July of the same year.—A. And?

Q. It is your turn to speak.—A. I had no knowledge of the application being made or of the application being rejected until after I was on the National Advisory Committee.

Q. You have just told us that Mr. Henry had told you before you accepted the position on the National Advisory Committee— —A. I did not say that.

Q. Listen, please—that before you accepted the position on the National Advisory Committee or Board, Mr. Henry had told you that nothing could be done because of the report of the engineers.—A. No, I did not say that.

Q. What did you say?—A. I said he told me he would have to have a new charter because the Superior Sales Company charter was not broad enough. That was weeks or months before I was on the National Advisory Board—

Q. I am not referring to that—

Mr. MONTGOMERY: Let him finish his answer.

Mr. WHITE: Proceed.—A. I authorized him to go ahead and get the charter and said I would still back him up to the extent of \$10,000. That was before I went on the National Advisory Committee. I heard nothing more from Mr. Henry until he came to me after I was on the Board and told me that the charter had been obtained but that it had been delayed through the lawyers—a very common thing to happen—although he had authorized them before I went on the National Advisory Board to go ahead and secure the charter; that it was not ready until after I had gone on the Board. I say I did not know that he had his charter or had made the application until he came to me after he had the letter from the Department of Public Works saying that the application could not be acted upon because there had been a body of engineers appointed to investigate the whole river—that nothing could be done.

Q. The fact remains that at the time that the charter was obtained and application was made you were a member of the advisory committee?—A. I did not know it at that time. I know it is correct. I did not know it at the time.

Q. And you were Chairman of the Montreal Harbour Commission?—A. Yes.

Q. In other words, while you were Chairman of the Montreal Harbour Commission you authorized Mr. Henry to form a company in which you were interested, and to make an application on behalf of that company for the development of a portion at least of the Soulanges section of the St. Lawrence River?—A. That is correct; but that would have no effect on my position as Chairman of the Montreal Harbour Board, certainly not. There was nothing in the Order in Council appointing me to that Harbour Commission that prohibited me taking part in any commercial enterprise.

*By Mr. Lennox:*

Q. It would not have any effect upon your position in the National Advisory Committee?—A. No, sir, and for this reason: when I found out that the charter had been sent up, it did come into my mind that perhaps it might be questioned by a body such as this, and I went to Senator Haydon and asked his opinion. He said his personal view was that Mr. Beaudry Leman, Director of the Shawinigan Power Company, Honourable Thomas Ahearn, President, Ottawa General Electric Company, Honourable Mr. Turgeon, Director of the Quebec Light Heat, and Power Company, Honourable Clifford Sifton who is well known to be interested in the Georgian Bay Canal—he said, “why can’t you go in this committee.”

*By Mr. White:*

Q. None of these gentlemen, so far as you have told us, were interested in the Soulanges section of the St. Lawrence River?—A. It does not matter. I do not know whether they were or not. I could not tell you whether any of them were. I have no direct knowledge of them. I had thought that the Shawinigan Power Company did have a development in that section of the river.

The CHAIRMAN: Give a direct answer.

WITNESS: That is a direct answer.

*By Mr. White:*

Q. As a matter of fact, it was a very fortunate application as it turned out—the application of the Sterling Company of the 5th July, 1924.—A. That is a matter of opinion.



Q. A matter of opinion?—A. Yes—the value of it, or how it turned out—it had nothing to do with it at the time.

Mr. LENNOX: \$550 a share.

WITNESS: I do not think that is quite right.

Mr. WHITE: No ———

*By Mr. White:*

Q. Then, the Sterling Company was, we are told, formed on the 5th of July, 1924, and you ultimately received—I suggest to you—2,000 units in the Beauharnois Power Syndicate for the shares of that company; what do you say?—A. I received 2,000 shares of which I gave 1,000 to Mr. R. A. C. Henry.

Q. That was by prearrangement was it not?—A. Not until the time the arrangement was made with the Beauharnois Company. There was no arrangement with Mr. Henry, or no arrangement with him at the time the application was made.

Q. And you received for these 2,000 shares a cheque from the Marquette Investment Company for \$700,000 did you not?—A. No, sir; not for those shares.

What?—A. I received a cheque for those shares—\$300,000.

Q. Oh, yes, I beg your pardon. For those shares and for 3,200 other shares which you had purchased?—A. Correct.

Q. Did you put up any more money than \$10,000 in connection with the original arrangement with Mr. Henry?—A. To the best of my knowledge, no.

Q. So that your total investment would be \$30,000, which you paid for 800 shares, \$160,000 which you paid for 1,600 shares in the second, or Beauharnois Power Syndicate, and \$10,000, a total of \$200,000?—A. Would you please repeat that?

Q. Your total investment in the Beauharnois Syndicate would be the \$10,000 which you spent in connection with the Henry investigation and the formation of the Sterling Company and its application to the 5th of July, 1924, \$30,000 which you paid for 800 units in the first syndicate called the Beauharnois Syndicate, and \$160,000 in the second or Beauharnois Power Syndicate?—A. That is correct; excepting that \$10,000 should not be included in my opinion, in the Beauharnois Power Corporation, because it had nothing to do with it at the time.

Q. Except that the 2,000 units which you got for the shares of the Sterling Company had cost you about \$10,000, and I was giving you credit for that.—A. That is right.

Q. So that your total investment was \$200,000.

Mr. STARR: Where do you get your \$30,000?

Mr. WHITE: For the first 800 shares.

Mr. STARR: That is what Mr. Sifton paid.

WITNESS: That is correct; \$190,000—they came to me—

*By Mr. White:*

Q. Plus the \$10,000?—A. Plus the \$10,000.

Q. That is not quite correct, because at the time of the dissolution of the syndicate on the 17th of December, 1929, you still owed \$80,000 on call on the second subscription—on the subscription of the Beauharnois Power Syndicate for 1,600 part interests.—A. Now, I am not in a position to confirm that.

Q. We will figure it out for you.—A. Mr. Griffith could tell you better than I could.

Q. We have had Mr. Griffith. At least, they were in the name of certain persons for you.—A. Yes.

Q. There were no part-interests in your name on the 17th of December, 1929?—A. No, sir.

Q. They were all in the name of other persons for you?—A. One other person.

Q. Who?—A. John P. Ebbs.

Q. Of those 5,200, 1,600 were in respect of the original investment of \$30,000?—A. Correct.

Q. 2,000 came from the Sterling transaction?—A. Yes.

Q. And 3,200—

Mr. STARR: That makes 3,200.

*By Mr. White:*

Q. 1,600 for the \$160,000, and then there were 400 shares which you purchased?—A. There were 3,200 in all.

Q. No, 5,200.—A. I mean in addition to the Sterling.

Q. And the 2,000?—A. Yes.

Q. That would be the original 1,600 that were bought—that were purchased—I should not say you bought them, they were purchased by Mr. Clare Moyer—and 1,600—which became 1,600—1,600 which he subsequently purchased in the second syndicate and which were turned over to Mr. Ebbs, and 2,000 which came from the Sterling, which makes 5,200?—A. That is correct.

Q. And you received from them—

The CHAIRMAN: The amount paid for these is \$200,000; is that correct?

Mr. WHITE: No, the amount paid—

WITNESS: I do not think it is fair to confuse those two items. I paid \$190,000 into the syndicate for 3,200 part-interests, in the Beauharnois Company. Now, Mr. White is assuming that \$10,000 which I put up to finance Mr. Henry in 1927, or whenever it was started, should be applied to that. It had nothing to do with the Beauharnois Company when it was started.

*By Mr. Lennox:*

Q. What did you get for the \$10,000 that you supplied Mr. Henry?—A. What did I get for it?

Q. Yes.—A. Well, as it eventually worked out from those Sterling shares, I got \$300,000.

Q. You got part-units—

*By Mr. White:*

Q. You got 1,000 part-interests?—A. I got 1,000 part-interests.

The CHAIRMAN: And Mr. Henry got 1,000.

WITNESS: Yes, Mr. Henry got 1,000.

*By Mr. White:*

Q. And then the other part-interests— —A. Were afterwards sold—

Q. You got for those \$150 each in cash?—A. Yes.

Q. Which would be \$150,000?—A. Yes.

Q. And—A. 80,000 shares.

Q. That is class "A" shares?

Mr. STARR: Of which half went to Mr. Henry.

Mr. WHITE: No.

WITNESS: Yes, sir; 40,000.

*By Mr. White:*

Q. Mr. Henry says they have not gone to him yet.—A. That is a personal matter between Mr. Henry and myself.

Q. But altogether you received from the syndicate, I suggest to you, on the 17th December, on or about the 17th December, 1929, a cheque for \$700,000 and certificates for 208,000 class "A" shares, and that the \$700,000 was made up of \$780,000 which would be for 5,200 shares at \$150 per share, less \$80,000?—A. I could not say as to the accuracy of that. I presume that is correct.

Q. You had not paid in full for the second lot?—A. In making my calculation I always deducted \$190,000 from the \$780,000.

Q. That is the same thing.—A. Yes.

Q. It arrives at the same figure only I am doing it the other way around. The result is the same. That is for \$190,000 and out of that you spent—I am not seeking to pin you down to an admission that the \$10,000 was spent in any particular way, or that you had any particular liability in connection with it—but for the total expenditure of \$20,000 you got \$780,000, and 208,000 class "A" shares?—A. That is right.

Q. And none, as you have told us, I think, of these interests were in your name on the 17th of December, 1929?—A. They were all in the name of John Ebbs.

Q. And it was by his direction that you obtained the cheque for \$700,000 and the shares?—A. On instructions from me.

Q. On instruction from you; and by his actual written directions?—A. Yes, correct.

Q. It being on the books of the company?—A. He was acting as my agent.

Q. When did Mr. Ebbs start to act for you?—A. I think about the 1st October, 1928.

Q. Because his firm had acted for you before that?—A. They had acted for the Sterling Company.

Q. Well, are you making a distinction?—A. Yes, I would make a decided distinction, because Mr. Henry was the one who made all the arrangements with the firm of McGiverin, Haydon and Ebbs for everything that took place in connection with the Sterling Corporation.

Q. Without consulting you?—A. In detail, no.

Q. At all?—A. Not to my knowledge.

Q. Will you say that he did not tell you that McGiverin, Haydon and Ebbs were going to get this started for you?—A. I think he might have told me, and possibly did tell me, that he was making an effort to do so, but I had nothing to do with that part of it; he carried out all arrangements.

Q. You were satisfied?—A. It did not concern me.

Q. You were satisfied?—A. Quite.

*By the Chairman:*

Q. When did he tell you that, Senator?—A. I cannot fix the date, Mr. Chairman, I presume it was—we had been negotiating for nearly a year. Mr. Henry came to me when I was on the Harbour in 1922, sometime in 1922. He was the chairman with a grain committee, that was long—

Q. I am not concerned with the details. Can you fix the date?—A. No, I cannot fix the date. It would be some time between 1922 and the time this charter was filed.

Q. When did you pay Henry \$10,000?—A. I do not think the money was paid to Henry at all. I cannot tell you how it was paid now.

Q. You say you do not think the money was paid?—A. Yes, but I cannot tell you how it was paid, because I have no recollection how it was paid at the time.

Q. It was paid?—A. Yes, it was paid, the engineering fees, but I am not positive whether it was paid through Haydon's office or paid directly through my office to McRae, or just exactly how it was paid.



Q. Who paid the money?—A. It was my money, but I cannot tell you now how it was paid, whether it was through one of my companies or paid by personal cheque. I have no means of knowing now.

Q. Will you look it up and find it out?—A. No, it would be impossible for me now to find out.

Q. Why?—A. Because the companies I was operating at the time have all since gone out of business, and I think it would be very difficult for me to find it out.

Q. You have the advances that you made to Henry?—A. I will make this statement positive. I paid the money either directly or indirectly.

Q. If you paid the money personally to Henry, you would have the cheque returned.—A. I would not say I paid directly to Henry. I do not think that I can say—all I can say is that I did agree with Henry to advance \$10,000 on work that he was doing or investigations that he was making, and I did that. Now, I cannot say positively how it was done.

Q. Can you remember whether it was paid in one sum?—A. I do not, because it was done at different times, the engineering was done at one time, and I suppose he was paid at another time. I think perhaps, the firm of McGiverin, Haydon and Ebbs might be able to say how it was paid.

Q. Who paid the cheque that went to the Secretary of State for Canada for the Sterling Industrial Company?—A. I cannot tell you that. I have no knowledge of that whatever. I can say positively that after that period, the period in between the time I went on the board of the National Advisory Committee and Mr. Henry coming to me in the summer of 1928 I had forgotten all about the Sterling, it never even came into my head.

*By Mr. White:*

Q. Then, I understand that in 1929, October, you had some further transactions in regard to the part-interests in the Beauharnois power syndicate?—A. In what year, sir?

Q. In October, 1929; I see an entry here indicating that Mr. H. B. Griffith transferred to you one thousand shares, and that Mr. Dufresne transferred one thousand shares?—A. Yes.

Q. Whose shares were they?—A. They were shares of Mr. Dufresne.

Q. Did you buy them?—A. Yes, sir.

Q. For how much?—A. In July of that year, 1931, about the 31st of July, the date in my mind, Mr. Swezey came to me sometime about that period when he was having first—I do not know exactly what to call it—his trouble with Mr. Jones, and Mr. Jones offered either to buy Mr. Swezey or have Mr. Swezey buy him out. He came to me and asked me if I would help in the taking out of those 2,000 part-interests, one thousand in the name of Mr. Dufresne, which he owned and had paid for, for which I suppose the record in the book will show that, and the other one held by Mr. Griffith for Mr. Simard. I was asked by Mr. Griffith, by Mr. Swezey as I say, if I would help in the financing of the units that were outstanding, and on the 31st July I got an option from Mr. Dufresne and from Mr. Simard for those two thousand interests. I paid \$100,000 in bonds, and I put up \$100,000 in bonds for the option, and I think, if I remember rightly, the option was for three months, and when it came due, I took up the bonds, I took up the 2,000 part-interests, gave each of them a cheque for \$500,000.

Q. Paid a million dollars?—A. Yes, sir.

Q. For 2,000 shares?—A. Yes.

Q. At a rate of 500 a share part-interest?—A. That would be about correct, yes sir.

Q. That, I understand, was about the 1st of October?—A. Yes, sir.

Q. And then, on the 9th October, you transferred those shares to the Montreal Trust Company?—A. Yes.

Q. I do not want to enquire into your affairs unduly, but may I ask if that was a financing matter?—A. Yes, that was a financing matter.

Q. Then, on the 17th December you received—

The CHAIRMAN: What year?

Mr. WHITE: 1929.

Q. —for this account about \$150 per unit, and 40 shares of class A stock? —A. The Montreal Trust Company received it.

Q. Did you sell to them?—A. They were—that was for financing, and they got whatever came out of it.

Q. You did not get any profit on that?—A. No, sir, I did not get a dollar profit.

Q. The Montreal Trust Company?—A. They were financing.

Q. Were you acting for them in this transaction?—A. They were acting for me.

Q. You should have got the profit?—A. I did not get the profit, it went in directly to the Montreal Trust Company.

Q. We have your word that you made no profit on this transaction?—

A. I made no profit whatever, not one single dollar.

*By the Chairman:*

Q. Who did make the profit?—A. I cannot tell you sir.

Mr. MONTGOMERY: It was at the same price.

The WITNESS: The same price, exactly. I was helping Mr. Sweezey to finance what he considered, and what I considered a critical situation in the company, and I undertook an obligation of one million dollars, and for that I put up at the time—it was an option—I put up 100,000 Victory Bonds, 50,000 of the amount mentioned—

*By Mr. White:*

Q. That was in October, 1929?—A. The option was on the 31st July, 1929.

Q. On the 17th December, 1929, you took down \$700,000?—A. I had it in my name, or Ebbs' name, prior to that—

Q. Out of this company?—A. Nothing to do whatever—

Q. You had to come to the rescue to the extent of \$1,000,000?—A. Yes, that is quite simple. Up to that time there had been no contract signed, I think I am correct in saying, with either the Hydro company of Ontario, or the Montreal Light, Heat and Power Company. However, after these contracts were signed and when these shares became of the value that they were, I can say in my judgment when they were sold to, or when Mr. Sweezey bought them, they were not worth \$500. I could have sold my units after, but I was interested in staying with the company and helping to work out what I considered something of national importance to Canada.

Q. And of considerable importance to Senator McDougald?—A. No one ever does much of anything without taking some consideration. There is no crime in making money.

Q. Now, I suppose, we will put it this way; your first connection with Mr Ebbs in regard to anything in connection with Beauharnois was when?—A. On or about October 1st, 1928?

Q. Was it not before that?—A. No sir, never talked to Mr. Ebbs before that.

Q. Did you have some sort of a deal with Mr. Winfield Sifton?—A. Yes.

Q. When was that?—A. That was around the end of May, 1928.

Q. And what was that deal?—A. Mr. Sifton owned two 3,200 part-interests in the Beauharnois Company. He had bought them; he had bought the first 800 shares of the syndicate when it came out in April of that year. I had been offered the same shares. Mr. Sifton, at the time, had wanted me to buy the shares.

Q. The identical shares?—A. The identical shares, that he bought; and at that time I did not feel that I could go into the Beauharnois company. I was not familiar with anything about it, and I had no desire to go in, and I said that to Mr. Sifton. He has asked me on many occasions to come in, as I had already been asked on many occasions, or on one or two occasions by Mr. Swezey. At that time I did not feel I wanted to go in for personal reasons. I was not satisfied with the project at the time. I was not sure just how it would turn out.

Q. Nobody was?—A. Nobody was. It was an absolute gamble at the time.

Q. Yes. Come on down to this deal?—A. I will have to start at the beginning of that.

Q. Anywhere you like?—A. If I may. My association with Mr. Sifton arose out of my association with the National Advisory Board, of which his father was a member. He acted at that time as secretary to his father the Hon. Clifford Sifton, who was very deaf, and he was around nearly all the time during that period. I got to know him in that way, and he never said a word to me about the Beauharnois company nor no one else did while I was sitting on the board of the National committee, but after the report was made—

*By the Chairman:*

Q. What was the date of the report, by the way?

Mr. WHITE: I have it here.

The WITNESS: I think it was the 14th January, 1928, if I am correct—

Mr. WHITE: The 11th of January.

The WITNESS: 11th of January, 1928. Up to that time I had never discussed Beauharnois stock with anybody, having regard to being associated with it. After that time he came to me, wanted to know if I would meet Mr. Swezey, and I did meet Mr. Swezey, at a meeting in Montreal, on one occasion that I can recall, and both of them talked to me about taking an interest in the Beauharnois syndicate. I told them I had not studied it, and I did not know anything about it, and I was not satisfied to purchase, and I had no inclination to go into it. On various occasions I met Mr. Sifton after that, and each time he pressed me to come in. Finally he came to Montreal, and I can fix the date fairly correctly, because I was laid up at my house; I was ill at my house, and he telephoned and asked if he could come up to see me, and it was in March sometime—

*By the Chairman:*

Q. What year?—A. 1928.

Q. In March, 1928?—A. He came up to my house and told me that these 800 part-interests in the Beauharnois syndicate were to be allocated to somebody, and he was very anxious for me to take it. He said that the first syndicate was closed, I think, on the 4th April, 1928, and that it had to be taken up by that period or they would go to somebody else. If I did not want them, somebody else could get them. I told him again I was not interested. I did not want to take them, and he said to me then:

“I am going to allow somebody else to take the shares; I will take them for myself if necessary; I want to see that they get into the right hands. I will take them myself. I do not want to take them up as a Sifton, but I will take them up and take care of it somewhere.”



I did not see him again until, I think, about two weeks later I was in New York, when I met him there, and he again told me that he had taken up these shares, or was going to take them up. I went after to Bermuda. That is how I can recall exactly what happened. I went to Bermuda that year with my family.

*By Mr. White:*

Q. What year was that?—A. In 1928, April, 1928.

Q. You went with your family?—A. I went with my family. I came back from Bermuda around the 17th of April. I came directly up to Ottawa here, and if my memory is correct, on the 18th April, two articles appeared—one in the *Globe* and one in the *Mail and Empire*—and Mr. Sifton came to my room in the Chateau hotel and he had the articles with him. I had not seen them myself up to that time. He pointed out to me that they were a reflection on his father, on the Hon. Mr. Ahearn and on myself, and as a member of the Senate body that he thought it was my duty to get up and refute the rumours, because in his judgment it would set back the development of the St. Lawrence waterways for perhaps years. I was not inclined to do it myself at first, but finally he persuaded—he didn't persuade me exactly, but I thought, after discussing it with him and knowing him, that I should do it. I had no interest in the Beauharnois company at that time, none whatever, nor did he reveal to me then that he had.

Q. What do you mean by Beauharnois company?—A. The Beauharnois Light, Heat and Power Company, or anything whatever connected with it.

Q. Something you had an interest in, would soon be connected?—A. No, nothing.

Q. I suggest the Sterling Company?—A. No, sir, never had any connection with that—

Q. It was soon to be connected with it?—A. No, sir.

Q. It was soon to sell out to it?—A. No, sir.

Q. Did soon sell it?—A. No, sir.

Q. Did sell it?—A. Not for a year and a half after.

*By the Chairman:*

Q. What was the date of your sale of the Sterling Industrial Corporation?—A. In July, I think, July 9, 1929.

Q. When did you lose interest in the Sterling Industrial Corporation, what year?—A. I had lost interest in that from the date that Mr. Henry told me that the application to the Department of Public Works had been refused on the grounds that there had been an engineering body named to investigate the whole thing, and that no action had been taken.

Q. What year was your application made for the Sterling Industrial Corporation?

Mr. WHITE: July 5, 1924, Mr. Chairman.

*By the Chairman:*

Q. And I assume that Mr. Henry advised you on or about July 5, 1924, that the application had been refused?—A. Somewhere around that date.

Q. And you lost interest entirely in the Sterling Industrial Corporation?—A. Yes, sir, quite. I had forgotten all about it, as a matter of fact.

Q. And when did your interest revive?—A. Mr. Chairman, may I point—

Q. Let us get on. When did your interest revive in the Sterling Industrial Corporation?—A. It revived in the latter part of the summer of 1928.

Q. Why did it revive?—A. Because Mr. Henry came to me and told me that he had been in touch with some financial people in New York, and that he could carry on the company whether I was interested or not. He said he thought there were great possibilities there. Up to that time, to my knowledge, he never even told me to inquire from the Beauharnois Company nor did I to him about it except in a general way.

Q. What was that date?—A. The late summer of 1928. He told me he had been to New York and had seen the Dillon-Reid people there and they were ready to finance him on any kind of a power scheme that he could bring to them.

Q. What was your attitude with respect to that?—A. I told him to go very carefully about that, and I mentioned about the Beauharnois Company—

Q. At that time you were in the Beauharnois Company?—A. I was in it, but he did not know that.

Q. When did you first associate yourself with the Beauharnois Company?—A. In about the middle of May, 1928. I took over the first interest from Sifton around the 18th of May, 1928.

*By Mr. White:*

Q. How much did you pay him?—A. \$30,000.

*By the Chairman:*

Q. And was it after this that your interest revived in the Sterling Corporation?—A. Yes, sir.

Q. How long after?—A. About three months. Mr. Henry came to me and wanted to know what I was going to do about the Sterling Corporation. All the engineering reports were in then—

Q. What engineering reports?—A. On the St. Lawrence Waterway. The International Board had been dissolved, and he came to me and wanted to know what he should do or what steps he should take to continue the Sterling Corporation. Then he volunteered the information that he had been to New York and had seen the Dillon-Reid people and they were quite prepared to finance him in bringing to their attention a scheme which would prove feasible to them.

Q. Well, you had already seen the blueprint that was filed with the application of the Sterling Industrial Corporation?—A. No, I never saw it.

Q. Never saw it?—A. Never saw it; I never saw it.

Q. Then what did you say to Henry when he spoke to you about it?—A. I had in mind—right here I may say I always had in mind that Mr. Henry was a very valuable man. I would not have financed him if I had not thought so, and I said to him:

I would not go ahead with any proposition of that kind until you find out what is going to happen to this Beauharnois Company.

Q. Let me get that right. Did you say to Henry:

You had not better do anything with the Sterling Industrial until we see what is going to happen with the Swezey-Beauharnois layout?

—A. Right.

Q. And I assume that if the Swezey-Beauharnois layout did not materialize—and you were interested in it at the time?—A. Yes.

Q. Then you were open to go back with Henry and pursue some effort on behalf of the Sterling Industrial?—A. No, sir, that was not my idea at all. My idea was—

Q. Why did you say to Henry:

Wait until we see what happens to Beauharnois?

—A. Because I did not know exactly what would happen. I did not want Mr. Henry to go off and associate himself with any other concern that might be a hindrance, or might block or hold up the development of the Beauharnois Company's project if their project was a right one, and if he could be taken care of in some way. And I say that knowing exactly what I say. I knew that he had to be reckoned with and I was delaying or trying to delay. I had in mind at the time that some deal could be made with the Beauharnois group and Mr. Sweezey that would satisfy Mr. Henry.

Q. You say you knew that Mr. Henry had to be taken care of?—A. I did not say that I would have to be taken care of.

Q. You knew that Mr. Henry would have to be taken care of?—A. That was my feeling exactly.

Q. And that was by reason of Henry using your money and having put in an application incorporating the Sterling Industrial Corporation and applying for its charter at that time?—A. Right.

Q. In which you were interested on an equal basis with Henry?—A. There was no understatnding at all between Mr. Henry and myself as to what the division would be at that time. We had never even discussed it. I had put up the money, financed him, but I had no understanding with him whatever as to the division of profits.

Q. The fact is that at some time or other you put up the money, and an application was made on behalf of the Sterling Industrial Corporation, and you knew that if anything came of it that you and Henry would be in on it on some basis?—A. Quite So.

Q. And then you always knew that if anyone else took up this Beauharnois development that Henry would have to be taken care of?—A. I always had that in mind, of course.

Q. And Henry was in no stronger position than you were as far as being taken care of by reason of the application of the Sterling Industrial?—A. Excepting that Mr. Henry, in my opinion, had great engineering ability. He knew that section of the river as I think no one else knew it.

Q. Do you suggest that Henry was in a stronger position than you were with respect to the necessity of being taken care of in connection with the Sterling Industrial?—A. At the time I considered he was in a much stronger position than I was if he could get a strong group to finance him.

Q. Through the agency of his application on behalf of the Sterling Industrial?—A. Yes, sir.

Q. Of which you were the— —A. The original backer.

Q. Yes, the original backer, and never became anything else?—A. No.

Q. So that I suggest to you that you and Henry both had to be taken care of, by reason of your connection with the Sterling Industrial? —A. That is quite so, but Mr. Henry had associated himself with a financial group or if he had associated him-self with a financial group or any other power company, the natural thing would be for him to come to me and say "You put \$10,000 in that company, I want you to let me have all the interest in it for \$10,000"; or, if he wanted to give me some profit give me a profit.

Q. Let me put this squarely to you, Senator McDougald, when you and Henry incorporated the Sterling Industrial Corporation and filed your application with the Department you knew or felt that whoever went ahead with this development would have to deal with you and Henry?—A. No, sir. I would not say that I felt that at the time at all. I felt—

*By Mr. White:*

Q. Whas was the application made for?—A. To develop it ourselves. I had no idea of trying to do anything else.



Q. The idea just occurred to you as soon as you heard that the other application had been made and that you became interested in it?—A. No, sir.

Q. When did it occur to you?—A. I can't tell you exactly.

The CHAIRMAN: Mr. Henry, in answer to a similar question, said—

Mr. FORSYTHE: Page?

Mr. WHITE: Page 566 or thereabouts, Mr. Chairman.

The CHAIRMAN: The substance of Mr. Henry's evidence when asked that question was, that when he incorporated the Sterling and filed his application—and it was a prior application save in some exceptions—he felt that if the project went on that McDougald and Henry would have to be taken care of. Now, did you agree with that?

Mr. STARR: Where are you reading from, Mr. Chairman?

The CHAIRMAN: I am saying that is the substance of what he said.

The WITNESS: That may have been his idea, but I can speak for myself. I was not thinking of myself personally in the matter. He may have thought if anything came out of it I naturally would be taken care of. That was Mr. Henry's right. But it had never been discussed with him; I never discussed it with him at all.

*By the Chairman:*

Q. Well, at any rate, the Sterling Industrial did come to life?—A. Yes.

Q. And for the assets of the Sterling Industrial Corporation you and Henry, through the agency of Ebbs, I presume, received 2,000 part-interests in the Syndicate?—A. Yes, sir.

Q. And what assets did you transfer to the Syndicate in return for the 2,000 part-interests?—A. Well, as a matter of fact, the only asset was the charter and the application.

Q. The five incorporators' shares?—A. That is all. Remember this, Mr. Chairman, that when that arrangement was made in October or thereabouts in 1928 the Beauharnois Company turned over 2,000 part-interests. Mr. Sweezy thought that was a good price to pay, but they were not worth \$300,000 at the time. They were taken in at the same price as every member of that Syndicate had paid for them, \$100 and interest.

Q. That would amount to \$200,000?—A. Yes, \$200,000. But at the time it was an option really. They paid nothing, they gave nothing. When the first arrangement was made they gave nothing. In October of 1928 it was an option really, because there was a clause in the agreement which stated that unless the Order in Council went through they would not take up—

Q. Yes, I am acquainted with that.—A. The reason for that was, because I felt they were paying nothing and they were removing the possible chance of Henry associating himself with some other group, and making the Sterling Industrial more formidable—

Q. Do you suggest that Henry alone, working for the Canadian National Railways, the Deputy Minister of Railways and Canals, would be formidable?—A. I do, sir, because I think Mr. Henry was considered the best informed man on transportation matters, and on engineering matters in that section of the river in Canada.

Q. What good would that be, if he could not get those rights?—A. The Beauharnois did not have the right.

Q. If you could not procure the passage of the Order in Council, what good would it be?—A. That is an ordinary business transaction, Mr. Chairman.

Q. It is a very extraordinary one.—A. Well, it is done every day, to my knowledge.

Q. Maybe. Listen to What Mr. Sweezey says at page 663:—

*By the Chairman:*

Q. Listen to what Mr. Sweezey said in his evidence at page 663:—

*By the Chairman:*

Q. Mr. Sweezey, Mr. Griffith gave evidence in respect to the Sterling Industrial Corporation, and he did not think the assets of the Sterling Industrial Corporation amounted to anything?—A. Neither did I.

Mr. WHITE: Nor I.

*By the Chairman:*

Q. And in spite of your having joined in the transfer of the assets so-called of the Sterling Industrial Corporation or two thousand part-interests which were at least worth \$200,000 you admit that these assets were worth nothing? A. Yes, worth nothing.

Q. Then what was worth something?—A. The application that was in there. I do not know the technical term for it, but I understand and did understand that it made it impossible for any other company to come in and get any rights through unless that was removed. Now, it had a nuisance value.

*By Mr. Lennox:*

Q. There was an application in two weeks before you put yours in, which has never been removed?—A. I did not know that.

*By the Chairman:*

Q. You say your application had a nuisance value?—A. Yes.

Q. Elaborate on that, please.—A. I cannot, any more than to say I was told at the time that no other applicant could get any consideration from any Department until the prior application was removed.

Q. There was an application prior to yours?—A. I did not know that, sir.

Q. Did you never hear of the Transportation and Power Company?—A. I have heard the name very often, but I never heard of it in that connection.

Q. You never heard that they had an application in?—A. No.

Q. Although it started at Lake St. Francis and went as far as Lake St. Louis?—A. No.

Q. You are disillusioned now as to any prior applicant having a nuisance value?—A. I would not say that unless I had some legal information on it.

Q. You do not need legal information in order to answer that question, surely. (No answer).

Mr. MONTGOMERY: The Transportation and Power Company application was based on the alleged purchase of the Robert rights, and Robert had protested against the thing.

Mr. WHITE: The Sterling Industrial Corporation did not even pretend to have any rights.

Mr. MONTGOMERY: But that finished the Transportation and Power Company.

*By the Chairman:*

Q. The Transportation and Power Company at least alleged a right by reason of the option from Robert, but the Sterling Industrial Corporation did not even allege a vestige of a right, but your company had a nuisance value and the Transportation and Power Company did not,—is that the working out of it?—A. If one had a nuisance value so had the other.

Q. You had a nuisance value because you happened to be a Senator and could exercise a great deal of influence?—A. No, sir, not at all; I never used!

my position as Senator to exercise any influence. Moreover, I may say here and now in reply to your suggestion, sir, that before I went into the Beauharnois Company I had legal advice that there was nothing at all in connection with the Beauharnois Company that would prohibit me from taking my seat in the Senate. I assured myself at the time that there was no application being made by the Beauharnois Company to the Government at Ottawa for any concession whatsoever. Any concessions they got came from the Province of Quebec, and they were asking here only that their plans be approved by the Department of Public Works or the Department of Railways and Canals, in so far as they affected navigation. They were asking for no rights whatever.

*By Mr. Lennox:*

Q. I do not suggest that there is anything wrong in your being a Senator, but by reason, perhaps, of your being a Senator — —A. That is for Mr. Sweezey to say, sir.

Q. Do you think if you had not been a Senator you would have got two thousand part-interests in a company that had issued shares only to five stenographers?—A. Yes. I say, without being a Senator, that I feel Henry would be quite justified in coming to me. I had enough money to pay for the rights I was getting in the Beauharnois Company.

*By the Chairman:*

Q. You were not paying for any rights?—A. I was paying for the original shares.

Q. You are speaking now of the Sterling Industrial Corporation in which you say you put up \$10,000 for which you got two thousand part interests, and which at that time were worth \$200,000?—A. They were worth nothing at the time, in my opinion.

Q. They were being bought at that price by others at that time?—A. But it was not worth that; it was a gamble.

Q. It was not a gamble, it was a gift.—A. No, the whole thing was a gamble.

Q. Obviously you got two thousand part-interests?—A. I am not talking about that.

Q. I am.—A. I say the Beauharnois Syndicate was a gamble and had no value, not even to the extent of the \$100 a share that I paid and everybody else paid for these syndicate shares, no value whatever until the contracts were signed by the Hydro Electric Power Commission of Ontario and the Montreal Light, Heat and Power Company, because they could not finance it until they got those contracts signed, and it was only by virtue of those contracts being signed that anybody got any money out of it.

*By Mr. Stewart:*

Q. Do you say your company had standing with the Department of Public Works as a prior application?—A. No, it had no standing in the sense you mean. Let me get your question correctly.

Q. You say the Sterling Industrial Corporation had a prior application to the Department of Public Works which you regarded as a prior right?—A. Yes, that was my understanding at the time.

Q. And do you still maintain that?—A. I have no reason to say otherwise.

Q. There was a letter addressed by the Department to your company in which they set forth that you had not complied with the requirements of the Department, and your company made no endeavour to comply with those requirements. You utterly ignored them. You never wrote to them. You never even advertised. Your plans were never deposited with the registrar.



You had no evidence to place before the Department that you had to use that ground as a site for this project.—A. Again that is proof that I knew nothing about the details of it.

Q. It also goes to prove that with the Department of Public Works you had no rights, but there was an intangible asset some place?—A. At the time I understood, and correctly so, that the firm of McGiverin and Haydon, a firm of reputable lawyers who are supposed to know what they are doing, had attended to everything necessary in order to get those rights.

Q. I cannot find out where the asset of the Sterling Industrial Corporation was, unless it was you?—A. You are very flattering, too flattering.

Q. You did not comply with the request sent to you to rectify your application?—A. It was not sent to me. I was not on the Board, and I knew nothing about it.

*By the Chairman:*

Q. There were only five stenographers on the Board then?—A. I did not know anything about it at that time.

Mr. STEWART: And that was worth \$1,000,000?

The WITNESS: General Stewart, I just heard you say it was worth \$1,000,000. That is not correct.

*By the Chairman:*

Q. If you had sold out at the time Jones bought you had a chance to make \$1,000,000?—A. No, not on those two thousand part-interests.

*By Mr. White:*

Q. At \$500 a share? It would be a little over \$1,000,000?—A. No, I do not think the price Jones got for his shares was a fair value at all.

Q. You bought some of them.—A. Because I had the interest of the company in my mind.

Q. And the Montreal Trust Company did?—A. That is all right.

Q. And they are a trust company?—A. That is all right.

Q. They must have considered the shares were worth it, or they would not have bought?—A. On what basis?

Q. I cannot tell you, but they must have so considered?—A. At that time what assets did they have?

Q. Are you suggesting that the Montreal Trust Company or any trust company would buy assets of that kind without considering what they were worth?—A. Sometimes it is of great value to a group to control the interests they are in. That is done every day.

Q. By trust companies?—A. I am not talking about trust companies.

Q. I am.—A. If a man wants to get control of a company he will pay a great deal more for shares than he otherwise would. Moreover, I say that Jones' shares were not bought by the money of this company but by the money of individuals the same as the shares I took over from Dufresne and Simard were not paid for by the money of the company but financed by me.

Q. But, as it turned out, you made enough money out of the company to buy them?—A. That does not matter.

Q. I think it matters.—A. I don't.

Mr. STARR: Are you stating it correctly when you say that he made enough money to pay \$1,000,000?

Mr. WHITE: He did not pay \$1,000,000. He sold them in eight days; he bought them for the Montreal Trust Company, as I understand it.

The WITNESS: I did not say that.

*By Mr. White:*

Q. I say you did.—A. They are financing for me.

Q. And they made the profit?—A. Yes. I took the responsibility.

Q. With the Montreal Trust Company behind you?—A. No; they had nothing to do with it.

Q. Tell us the fact. How did you come to buy these shares?—A. On the 31st July, 1929, I got an option from Dufresne and Simard for a one thousand part-interest each.

Q. At?—A. At \$500 a share for that option; I put up \$50,000 in Victory bonds to each one of them; the option was for three months. At the expiration of that time I took over the shares and paid for them and turned them in to the Montreal Trust Company.

Q. Eight days after you took them over?—A. Possibly; I do not know how many days.

Q. Did you do that by any pre-arrangement with the Montreal Trust Company?—A. No.

Q. Then how did the Montreal Trust Company come to be buying shares in the Beauharnois Syndicate?—A. That is for the Trust Company to say. As to those shares, I had no communication with the Trust Company.

Q. How did the Montreal Trust Company come to be buying shares in the Beauharnois Syndicate if it was not by pre-arrangement?—A. I cannot tell you that. There was no pre-arrangement when I took the option on those shares and put up \$100,000 to bind that option, which would have been lost to me if I had not been able to finance the final payment when the option came due.

Q. Did not you in the meantime go to the Montreal Trust Company and say: "I have this option"?—A. Before the final payment, yes, but not at the time I took the option.

Q. I thought so. And they gave you the money to take it up?—A. That is right; they financed it.

Q. I did not want to go into that phase of it, because it appeared to be personal.—A. It was a financing transaction.

Q. It does not appear to be that now, because the Montreal Trust Company apparently acquired the beneficial ownership in those part-interests?—A. I could not tell you that.

Q. Can you account for the fact that, if you simply borrowed the money from the Montreal Trust Company to complete this transaction, they received the profit and you did not?—A. Yes; but what I say is that I cannot tell you whether they remained with the Montreal Trust Company or whom.

Q. But so far as you know, it was the Montreal Trust Company?—A. Right.

Q. And so far as you know the profit was made by the Montreal Trust Company?—A. Correct.

Q. And so far as you know the beneficial interest in those shares or part-interests passed from you to the Montreal Trust Company?—A. Yes.

Q. At the time at which you transferred them to them on the 9th October, 1929?—A. Quite correct. The only point I am making is that when I took the option and put up \$100,000 of Victory bonds I had no understanding or communication with the Montreal Trust Company whatever; I took the risk of financing the two thousand part-interests myself at the time, and I would have lost my \$100,000 if I had not been able to do it.

Q. I suggest to you that at the very time that this transaction was entered into you knew what the profit was going to be, and the reason I suggest that to you is because of what appears in the minutes of a meeting of the Board of Syndicate Managers of the Beauharnois Power Syndicate held on the 9th day of

July, 1929, at which meeting there were present: R. O. Sweezey, F. P. Jones, R. W. Steele, J. P. Ebbs and H. B. Griffith. J. P. Ebbs was your representative?—A. Yes.

Q. In these minutes the following appears:—

A full discussion took place as to a plan for disposing of the undertaking and assets of the Syndicate and the distribution thereof among Syndicate Members. Mr. F. P. Jones stated to the meeting that he was not in favour of having the plan dealt with at the present time, but felt that consideration of it and resolution embodying it should be dealt with at a later meeting. Mr. Jones verbally tendered his resignation from the position of Syndicate Manager and retired from the meeting.

After discussion on motion duly seconded it was resolved:

1. That the undertaking and assets of the Syndicate (except any unpaid balances and any uncalled balances for which Syndicate Members may be liable to the Syndicate in respect of the Part-Interests of the Syndicate held by them respectively) be transferred to a company to be incorporated under the laws of the Dominion of Canada with the name "Beauharnois Power Corporation Limited," or such similar or other name as can be procured (hereinafter referred to as the "New Company").

2. That the New Company shall have an authorized capital stock consisting of—

Then:—

(b) 4,999,995 Common shares without nominal or par value.

3. That the New Company shall have all such appropriate powers as may be necessary for the purpose of enabling it properly to carry on the undertaking transferred to it by the Syndicate.

4. That the consideration for the said transfer be:

(a) The sum of \$4,750,000 in lawful money of Canada payable at the time and upon the conditions hereinafter mentioned. . . .

I suggest to you that at the very time that you entered into these negotiations for the purchase of these one thousand shares you knew from your representative on the syndicate, Mr. Ebbs, that there was to be \$4,750,000 in lawful money of Canada paid by a company to be formed with respect to the syndicate part-interests?—A. That is quite correct, but I did not know.

Q. And also that there were to be a large number of shares distributed?—A. Yes; but I did not know that they would be able to get a contract with the Montreal Light, Heat and Power Company, and if they had not had that contract with the Ontario Hydro Electric Power Commission they could not have financed it. That was a bankers' arrangement, and I did not have anything at all to do with it.

*By the Chairman:*

Q. Did you ever have a written agreement with Mr. Henry?—A. I had a written agreement with Mr. Henry before he entered the hospital in August, 1929.

Q. Where is it? Have you got it with you?—A. Mr. Henry has it.

*By the Chairman:*

Q. Have you a copy of it, Senator?—A. No, I have not. When Mr. Henry was going into hospital—I think it happened around August of 1929—I had never had anything with Mr. Henry in writing, and I said that as he was going in the hospital and no one could tell what would happen to him, I wanted to adjust or arrange with him what should be done with the profits, if any, that came out of the Sterling shares.



*By Mr. White:*

Q. Evidently at that, some profits were contemplated, putting it on the lowest ground, otherwise you would not have bothered to make some arrangement with Mr. Henry?—A. Correct, Certainly.

Q. And was it about that time, or, say July of 1928, that the negotiations were entered into between Ebbs on your behalf and Mr. Sweezey on behalf of the Beauharnois Company for the acquisition of the shares of the Sterling Company?—A. Would you repeat that question?

Q. (Question is read by reporter).—A. My recollection is that it was not in July, but later on—closer to October than July.

Q. I ask you now whether it was before or after you made the agreement with Henry?—A. Before.

Q. Then, what was the sense of making an agreement with Henry if it had been lying dormant for four years, and out of which nothing had come, unless at that time it was expected that something would come out of it?—A. Well, of course, I would not enter into any agreement or any other thing, would I, if I didn't expect something to come out.

Q. What did you expect?—A. You mean of profit?

Q. No. How did you expect to make a profit at all?—A. Well, if the venture was not a success—

Q. What venture?—A. The Beauharnois Company venture.

Q. How would the Beauharnois venture affect the Sterling Company if you had not entered into any negotiations for a sale with the Beauharnois Company?—A. I was merely mixing the years up. The first negotiations which took place with regard to Sterling between Ebbs and Sweezey to my recollection were in September, or thereabouts, of 1928.

Q. This other thing was 1929. I call your attention in that connection to Exhibit 75 which is the agreement. It is dated 18th of December, 1928, between Beauharnois Power Syndicate, John P. Ebbs and Lyla Brennan:—

Witnesseth as Follows:

1. The syndicate and the said Ebbs in consideration of good and valuable consideration each to the other paid the receipt and sufficiency whereof are hereby acknowledged, hereby covenant and agree together that provided the application of Beauharnois Light, Heat & Power Company to the Dominion Government for approval of its plans and site be granted on or before the twenty-eighth day of February 1929, the said Ebbs will transfer and make over, or cause to be transferred and made over to the syndicate and/or its nominees all of the issued capital stock of Sterling Industrial Corporation Limited, and the syndicate will allot and issue to the said Ebbs and/or his nominees two thousand (2,000) fully paid and non-assessable part-interests of the syndicate in consideration for and against delivery and transfer of the said shares of Sterling Industrial Corporation Limited.

A. Yes.

Q. Did you instruct Mr. Ebbs to enter into that agreement?—A. I never saw the agreement.

The CHAIRMAN: Why don't you answer the question.

WITNESS: I did not, sir.

The CHAIRMAN: Did you instruct Mr. Ebbs to enter into that agreement?

WITNESS: Yes. I instructed Mr. Ebbs.

*By Mr. White:*

Q. To enter into this agreement?—A. To enter into an agreement.

Q. For the sale of shares for 2,000 part-interests?—A. Quite.

Q. And make it conditional upon—as you told us a while ago for the reason you then gave us—make it conditional upon the “approval of its plans and site be granted on or before the twenty-eighth day of February, 1929, by the Dominion Government?”—A. No, I never told him that. I never told him to put that clause in there.

Q. Did you know it was there?—A. No. To the best of my knowledge I did not. I did not know that clause was in there.

Q. This meant that Mr. Henry let you down pretty badly?—A. I should not say so.

Q. I will indicate to you why. You were a Senator, were you not?—A. Yes, sir.

Q. And apart from that, had occupied two very prominent positions to which you had been appointed by the same Government which had appointed you to the Senate?—A. Yes, sir.

Q. And which was in power at the time that this agreement was entered into. You realize that?—A. It is a fact that I was in the Senate, yes.

Q. And that the Government which had appointed you was in power at the time this agreement was entered into. Is that true?—A. Yes. They were in power, but I—

Q. Yes. But it might be open to the construction by some suspiciously minded person that you were selling your influence?—A. Oh, well, people can suspect anything. I am suspected of all sorts of things.

Q. The agreement looks like that, Senator.—A. I cannot help what it looks like if I had nothing to do with it. But I did not suggest to Mr. Ebbs that he should put that in there.

Q. You agreed together

That provided the application of Beauharnois Light, Heat & Power Company to the Dominion Government for approval of its plans and site be granted on or before the 28th day of February, 1929, the said Ebbs will transfer and make over, or cause to be transferred and made over to the syndicate and/or its nominees all the issued capital stock of Sterling Industrial Corporation Limited, and the syndicate will allot and issue to the said Ebbs and/or his nominees two thousand (2,000) fully paid and non-assessable part interests of the syndicate in consideration for and against delivery and transfer of the said shares of Sterling Industrial Corporation Limited.

Now, I point out to you that this 2,000 was transferred to you?—A. Might not Mr. Swezey or Mr. Griffith have put that clause in there; might not they and not Mr. Ebbs?

Mr. STARR: I think Mr. Griffith did.

WITNESS: You are a good lawyer. You should know. Might not Mr. Swezey or Mr. Griffith have put that clause in there without any knowledge of mine?

*By Mr. White:*

Q. Are you suggesting that Mr. Swezey or Mr. Ebbs without your consent and approval entered into an agreement that might expose you as a Senator and prominent man in this country—or perhaps I might not be far from the truth when I say, a prominent man in your party—might expose you to severe criticism?—A. I do not believe that either Mr. Swezey or Mr. Griffith ever thought of such a thing.

Q. Why should it be made conditional on the Order in Council passing?—A. Because—

Q. Let me put it another way. Why should you be placed in the position of making the receipt by you of what was then, apparently, at least the

equivalent of \$200,000 for something that was practically valueless, except as a nuisance—conditional upon this Order in Council being passed?—A. Well, because those shares had no value at all to begin with—either Beauharnois or Sterling—unless the Order in Council was passed approving of those plans. Now, it would be perfectly natural to anyone making that agreement to put in a clause of that kind. What good would it be unless the Order in Council was passed?

Mr. WHITE: I venture to say that if I owned them, it would not be there.

*By Mr. Lennox:*

Q. That would be all the more reason why you should exercise your influence to try to get them through?—A. You are simply insinuating that. There is nothing in that document showing that.

Q. If the application were not granted by the Dominion Government, upon your own statement, these part-interests would be practically valueless. There is only one way in which they could get this enormous value, and that was by the Dominion Government accepting the application on or before a certain date. Now, as a business man, you would expect a project with so much money involved might use a little influence?—A. I can say definitely here and now I never used any influence with anybody in the Government to get that Order in Council through.

Q. There was \$200,000 at stake?—A. It did not concern me a bit. I never exercised any influence with anybody here in Ottawa.

*By Mr. White:*

Q. It would be further insinuated because at that time you had invested \$30,000?—A. Correct. I have never asked anybody here in Ottawa to do anything that could not be done on its merits, and as I said before, there was nothing here in Ottawa. The company was asking Ottawa for nothing. They had all their concessions from Quebec, and all they wanted here was to have the Departments of Public Works and Railways and Canals approve of these plans in as far as they affected navigation.

Q. As I get your statement then it is this: that you never asked anybody here at Ottawa to do anything which they could not be justified in doing?—A. Correct.

Q. Then may I infer from that that you considered that the departments, or the Governor in Council, or the Government, as we laymen commonly speak of it, was justified in approving of this Order in Council?—A. I do.

Q. And that, therefore, you would be justified in asking those of your friends whom you thought might have influence to help it along for that reason?—A. That is not correct.

Q. That is not correct?—A. No, sir, I had no such notion in my mind.

Q. May we take it that although you considered that the Government was justified in approving of the Order in Council, and although you were to obtain a share of what then had an apparent value of \$200,000 if the order went through, and although you had \$30,000 representing 800 part-interests in the syndicate, that you did not even exert any influence to do what you consider, may I take it, would not only be justifiable by the government but for the interests of Canada?—A. That is perfectly correct. I never tried to influence any minister or the Prime Minister in connection with the Beauharnois Company.

*By Mr. Lennox:*

Q. Senator, what value would the Quebec charter be if the Dominion Government had not passed this Order in Council?—A. It would have no value in my opinion.



Q. I agree with you.—A. But I could not conceive of any government at Ottawa refusing to pass an Order in Council on something that was started at Quebec, and over which they had control and had the rights.

*By Mr. White:*

Q. According to that, the Sterling Company had not even the nuisance value, if you are correct in that statement?—A. I do not know that that has anything to do with the Sterling Company.

Q. If you meant what you said a moment ago. You said you cannot consider how any government could refuse— —A. I said conceive.

Q. I say if you cannot conceive that, I suggest you cannot conceive the common nuisance value of the Sterling company?—A. Yes. I can conceive of a nuisance value in holding up. I know a good many things that have been held up. They had no real merit.

Q. The other had the merit?—A. All right. I know a great many cases without any value at all, they will hold up business or corporations, not because they have any right or good cause for doing it, but simply because they can delay and delay and delay. It was important for the Beauharnois Company to get through here.

Q. Surely you are not asking us to understand you as saying that they are in a position of holding up and holding up?—A. Certainly not. I never said such a thing. You put that into my mouth. I never said any such thing.

Q. Then I would ask the reporter to read back your answer.

(Answer read by reporter.)

Q. Then, do I understand you to say absolutely and unequivocally as your explanation that you were a party to delaying and delaying the Beauharnois project because you were interested in something that had a nuisance value although you conceived that the Beauharnois project was for the advantage of Canada?—A. That is what I am objecting to. You are making a statement and trying to get me to admit it. I say nothing of the kind.

Q. What else did you say?—A. What I said was that the departments—that is what I have in mind—

*By the Chairman:*

Q. That is the first time you used the word department?—A. I did not use the word department—I am qualifying that now. What I did mean was that any department would investigate whether or not the Sterling company—to use the specific company—may have some right or claim to delay—

The CHAIRMAN: Wait a moment. Do I understand you to mean that the department might thrust on you the right?—A. No, sir, I do not mean anything of the kind.

Q. What do you mean?—A. I do mean that the department—and everybody knows what departments do—

Q. No, everybody does not know that.—A. Everybody in Ottawa knows that generally the departments delay things and delay things, which means delay for everybody else.

Q. Would it not have been more to the general advantage of Canada if you had gone to the department with Henry, who was then Deputy Minister of Railways and Canals, and withdrawn that application, and said to them, “I am doing this for the general advantage of Canada”?—A. I do not know that it would be necessary to do that. I do not know that anything that the Sterling did here in getting these shares, affected the Dominion of Canada one iota.

*By Mr. White:*

Q. It would lose a great deal of money for Senator McDougald.—A. Not to Canada, though.

Q. To Senator McDougald?—A. I am talking of Canada now. The chairman says it would affect Canada. It would not affect Canada.

Q. Why not?—A. How would that affect Canada. It was not costing the Dominion of Canada—

Q. We may as well thrash out this thing here now. There are a good many dollars in it, and large advances made by the public, and it arose through the fact that the Sterling had a delay or a nuisance value, that is how it affects Canada.—A. I do not think that is a correct statement to make.

Q. You recognize that the capital of the Beauharnois Power Corporation has been increased?—A. I recognize that when the bankers put out that \$30,000,000 of debentures that they were absolutely protected and covered, and that the men who bought them were protected in every way, shape and form that they could possibly be.

Q. By reason of this transaction, the Beauharnois Corporation, if it is successful, has to pay dividends on 208,000 class "A" shares?—A. Every company has to do that.

The CHAIRMAN: Answer that question?—A. I cannot answer that question.

The CHAIRMAN: Let us clear that up, before we go on.

Mr. STARR: There are only 80,000 shares involved.

The CHAIRMAN: I will get at it in a moment.

Q. How many shares of the Beauharnois Power corporation were issued to you and Henry?—A. 80,000.

Q. By reason of your having sold a nuisance value in the Sterling Industrial to them, how many shares were issued?—A. 80,000 shares.

Q. 80,000?—A. Yes.

Q. Now then, what Mr. White says is perfectly correct, that you had in contemplation that at some time or other that dividends would have to be paid on those shares, if they paid dividends.—A. If they paid dividends.

Q. And those dividends would be paid to you and your associates, on what is obviously a nuisance value, sold to them. Is that right? Why hesitate, Senator?—A. That is essentially correct, yes.

*By Mr. White:*

Q. On top of that you did receive \$300,000, you and your associates, on the money which came out of the Beauharnois Power Corporation in respect to the same nuisance value. Is that not so?—A. I do not think that it came out of the capital of the Beauharnois company.

Q. Where else did it come from?—A. It came from the Syndicate.

Q. And the Syndicate sold to the Beauharnois company?—A. Yes.

The CHAIRMAN: At this juncture, Mr. Jacobs not being here, I shall have to constitute myself the official adjourner. I should like, if it meets with the approval of the members of the committee, to adjourn until to-morrow morning at 11 o'clock.

Committee adjourned at 5.40 p.m., to Tuesday, July 21, at 11 a.m.

HOUSE OF COMMONS, ROOM 231,

TUESDAY, July 21, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. Symmes, for the Committee.

G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. H. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

WILFRID LAURIER McDUGALD (Examination resumed).

*By Mr. White:*

Q. I notice that before you were a Senator you were Doctor McDougald. Are you a medical doctor?—A. By profession only. A simple country doctor.

Q. What is your degree?—A. M.D.

Q. From where?—A. From Queen's University.

Q. Then referring to this matter of the purchase of the Sifton interests, you told us yesterday, as I recollect it, that your first interview with Mr. Sifton in regard to this matter, or at least that you had an interview with him in March of 1928?—A. I think previous to that I had had chats with him about it.

Q. And the matter was brought to a head then?—A. The matter was brought to a head then.

Q. And resulting?—A. When I say "brought to a head", Mr. White, I mean that he made a specific proposition to me at the time to go into the Beauharnois Company. It was not brought to a head then though.

Q. I suggest to you it was brought to a head about the end of May of that year?—A. That is right, sir.

Q. Then if you will turn to page 756 of the evidence, there appears the statement which your counsel, Mr. Starr, made, which is not quite in accord with what you say, but perhaps unwittingly, and to the same effect:—

Senator McDougald authorizes me to make the following statement: That at the end of May, 1928, W. B. Sifton came to Senator McDougald and urged him to purchase his interest in the Beauharnois Syndicate held in the name of L. Clare Moyer, giving as his reason, ill-health and the fear that he couldn't carry on his activities in the Beauharnois Company much longer.

So that we may take it then that you had made an arrangement with Mr. Sifton, while it was not carried out, you had made that arrangement about the end of May, 1928?—A. It was around the 18th of May.

Q. The 18th of May, 1928?—A. Which I would consider would be about the end of May.



Q. Then I call your attention to the fact that Mr. Sifton had no interest in the Beauharnois Syndicate at that time, because Mr. Moyer's subscription was the 4th of April, 1928, some 16 or 17 days after you say that you had agreed with Mr. Sifton to purchase—A. No, sir. I did not say that I agreed in March.

Q. April—A. I said nothing of the kind.

Q. I see, you did not agree in March?—A. No, sir.

Q. You did not agree in March?—A. No, sir.

Q. You agreed—A. I never said such a thing.

Q. You agreed on the 18th of May?—A. That is right.

Q. Although you had talked in March?—A. Although I had talked in March, yes.

Q. And previously to that also?—A. And had declined to come in. There was no actual agreement until the 18th of May.

Q. There was no actual agreement until the 18th of May?—A. That is right.

Q. And that was 14 days then,—no, a month and 14 days after the actual date of the subscription. At the meeting of the committee, that is, the Special Committee appointed to inquire into the development and improvement of the St. Lawrence River, I see by the Blue Book that you examined Mr. Henry.

Mr. STARR: What page?

Mr. WHITE: Page 215.

*By Mr. White:*

Q. You examined Mr. Henry as a witness before that committee?—A. That is quite correct.

Q. And I suggest to you that the meeting at which you examined him was held the 31st of May, 1928?—A. I cannot fix the date.

Q. At a time when you were actually interested in the Beauharnois Syndicate by reason of having agreed to purchase the Sifton interests?—A. Well, right here and now—

The CHAIRMAN: Cannot you answer that?

The WITNESS: There is no answer to it, sir, excepting this answer: When I brought Mr. Henry before that Senate committee I at the same time brought the General Manager of the Montreal Harbour, Mr. Harvey, and Mr. Ferguson who was the Assistant General Manager of the Harbour—

The CHAIRMAN: That is not the question that was asked you.

The WITNESS: This is the way I am going to answer.

The CHAIRMAN: I do not know that it is the way you are going to answer.

The WITNESS: My answer is I did not bring Mr. Henry there to speak on any question of power whatever. He was brought there as an economist to give answers on the economics of the St. Lawrence Waterways.

*By Mr. White:*

Q. We will see what some of your questions were to him on that occasion. I want an answer to my question now if you will be good enough to give it to me. I will repeat it, perhaps not in the same words. I suggest to you that when you called Mr. Henry before the Special Committee and there examined him on the 31st of May, 1928—

Mr. STARR: Where do you get the date, Mr. White?

Mr. WHITE: From the record.

Hon. Mr. MACKENZIE: Is that the Senate committee?

Mr. WHITE: It is the Special Committee appointed under the Order in Council of the 7th of May. It is the Senate committee, that is right, a Special Committee appointed to inquire—

The CHAIRMAN: What is the date, Mr. White?

Mr. WHITE: May 31st, 1928.

Mr. STARR: Where do you get the date?

The CHAIRMAN: Mr. Starr, let Mr. White proceed. If you listen you will hear the date. It is the 31st of May, 1928.

Mr. WHITE: If my learned friend will take the pains to look at it he will find this, page 194:

#### MINUTES OF EVIDENCE

THURSDAY, 31st May, 1928.

The Special Committee on the Development and Improvement of the St. Lawrence River met this day at 11 o'clock, a.m.

Mr. STARR: That is all I want.

*By Mr. White:*

Q. I suggest to you that on that date when you called Mr. Henry as a witness you had an interest in the Beauharnois project?—A. That is right.

Q. That is right. Did you disclose that to the committee?—A. It was none of their business whether I had or had not any interest in it.

Q. Did you?—A. No, I did not.

The CHAIRMAN: What was this Special Committee set up for, Mr. White?

Mr. WHITE: The report is dated the 7th of June, 1928, sir.

The CHAIRMAN: Well, is there an order of reference?

Hon. Mr. MACKENZIE: Yes, there is.

Mr. WHITE: Yes. The date of that is April 20, 1928:—

Ordered, That a special committee of the Senate be appointed to inquire into and report from time to time on the matter of the development and improvement of the St. Lawrence river for the purposes of navigation and production of electric current and power and matters incidental to such objects; and that the committee be empowered to send for persons, papers and records, to examine witnesses under oath if deemed necessary, and to employ stenographers and other clerical help subject to approval of the Senate in regard to expenditures; and that the committee be composed of the Honourable Messieurs Beaubien, Béique, Black, Buchanan, Casgrain, Copp, Farrell, Gillis, Graham, Hardy, L'Esperance, Lynch-Staunton, McLennan, McDougald, McMeans, Molloy, Murphy, Pope, Reid, Robertson, Ross (Moose Jaw), Sharpe, Smith, Tanner, and Willoughby.

*By Hon. Mr. Mackenzie:*

Q. Did any of those other Senators have any interest in the St. Lawrence Waterways outside of yourself, Senator McDougald?—A. I cannot say that, sir.

Mr. WHITE: Mr. Tanner was the Chairman, and the report was dated the 7th of June, 1928, and is signed by Mr. Tanner as Chairman. Perhaps the committee would be interested in knowing what the report was. It is not very important.

Hon. Mr. MACKENZIE: The report was that there should be another investigation during the next session, which never took place.

*By Mr. White:*

Q. And let me put to you Mr. Henry's evidence at page 369. I speak of this in order that your mind may be directed to what I am going to ask you about. I am not speaking now with reference particularly to the Senate committee, in your discussions before the meeting of that committee of the 31st of May, 1928. I am not talking to you about your discussions immediately prior to this, but for some time I understood, according to Mr. Henry, that you had been discussing this power project with him off and on since 1928 at least. Is that correct?—A. It started in 1923, yes.

Mr. WHITE: Yes.

*By Mr. Lennox:*

Q. Just in that connection may I ask a question. Now, you acquired the Sifton shares May 18th, 1928?—A. That is right.

Q. So that you had an interest in the Beauharnois project?—A. Correct.

Q. Let me read what you said in the Senate two days afterwards:

It was insinuated that our decisions and recommendations were influenced by personal interest in power developments on the St. Lawrence. In this House I stated at the time that I had no interest in the Beauharnois Power Company or in the Syndicate. That was absolutely true and correct.

Is that right?—A. I presume so, yes.

Q. You had an interest when you made that statement in the House?—A. I am not sure of the date of that.

Q. It is dated 20th May, 1931, and you acquired the interests of Sifton——  
A. In 1928.

Q. Three years before?—A. That is right.

Mr. WHITE: Three years and two days, sir. This is the evidence of Mr. Henry, page 369:

Q. And when you say interested, I assume that you mean interested in obtaining such rights and doing such things as would enable them to build the canal?—A. Yes.

Q. The primary object, I assume would be the power project?—A. Oh, yes.

Q. Was that your idea?—A. Absolutely.

Q. In other words, may we take this as your frank statement, that from first to last your interest in the matter has been from the power standpoint?—A. Unquestionably.

Q. And may we take it that so far as the object of Mr. Sweezy was disclosed to you, that he had the same object?—A. I don't know that I discussed the object with him but that was my assumption at any rate.

Q. Does that same thing apply to Mr. Jones?—A. Undoubtedly.

Q. In your earlier discussion with Senator McDougald, did that seem——A. As far as I was concerned.

Q. As far as he expressed himself to you and financed your investigation, was that with the object——A. From a power point of view.

Q. You say you discussed this thing in the summer of 1928. An application was made—

Now, I ask you if it is a fact that your interest in the matter was from the power standpoint?—A. At what date now, Mr. White, are you talking about? You have got me just a little confused. Are you talking about the Senate Committee?



Q. No, I tried to warn you that I was dissociating my question from that particular occasion. I am talking about the prior discussions which you had with Mr. Henry?—A. The first discussion that I had with Mr. Henry in 1923, if it was 1923, no doubt about it, what we had in mind was power.

Q. I see. Then going on to this report—and I am doing this to shorten it up—I understand that the questions that were to be submitted to Mr. Henry were prepared beforehand, and his answers discussed, the answers that he should make discussed. What do you say as to that?—A. I say at once—

The CHAIRMAN: Discussed with whom?

The WITNESS: I say at once that the questions were prepared. I had the questions before me. I was asking the question.

*By Mr. White:*

Q. Who prepared them?—A. I prepared them.

Q. You prepared them?—A. Yes.

Q. And you discussed them with Mr. Henry?—A. Yes, sir.

Q. Beforehand?—A. Quite.

Q. So that his answers, the answers that he would give were known to you before you asked the questions?—A. I discussed them with Mr. Henry, because I wanted him to answer to the point any questions that had any bearing on the St. Lawrence Waterways.

Q. Now perhaps you will answer my question. You knew the answers he would make before you asked the questions?—A. No, sir; I did not know the answers that he would make.

Q. You did not know the answers to the questions which you are going to ask and which you had discussed with him before hand?—A. No, sir; I did not know.

Q. Was there any lawyer brought in?—A. Not by me.

Q. I mean for advice as to what questions should be asked?—A. Not by me; I was never advised by any counsel.

Q. So you took it upon yourself to prepare the questions which were to be asked?—A. The speech which I made in the Senate was what caused the committee to be appointed. I felt I was responsible for justifying the position I took in connection with the St. Lawrence Waterways, and I was bringing witnesses there who would give evidence to substantiate the stand which the National Advisory Board took in the report which they made to the Government of the day.

*By Mr. Lennox:*

Q. Is that correct? The order of reference is on the 28th April, 1928, and your speech was made on the 19th April, 1928, nine days before?—A. Just a minute. The Hon. Mr. Graham made a speech in the Senate on the report brought down by the National Advisory Board to the Government of the day, and I replied to that speech and pointed out what the Board had done in the way of investigating the waterways project and the information we had obtained to substantiate the report which we had brought in, and then it was thought advisable by the honourable members of the Senate to name a committee to reinvestigate the whole question of the St. Lawrence waterway.

*By the Chairman:*

Q. From the standpoint of the interests of the country they made this investigation?—A. Yes.

Q. And that is the reason the committee was set up?—A. Yes.

Q. And you were a member of the committee?—A. Yes, I suggested that I should not be a member, I may say.

Q. Just a moment. You were a member of the committee?—A. Yes.

Q. And at that time you were interested in and owned shares in the syndicate?—A. Yes.

Q. And you were a partner with Mr. Henry who was in the employ of the Government?—A. He was not in the employ of the Government; he was employed by the National Railways.

Q. Put it that way. He at the time was employed by the National Railways, and he subsequently became Deputy Minister of Railways and Canals?—A. He was not Deputy Minister of Railways and Canals then.

Q. But subsequently?—A. Yes, I believe so.

Mr. WHITE: On the 14th February, 1929, Mr. Chairman.

*By the Chairman:*

Q. As I understand it, you did not disclose to the other members of the committee that you were a holder of shares and interested in this power development at the time?—A. I did not feel, sir, that there was any occasion for me to disclose it, and therefore I did not.

Q. We will get along faster if you will answer my question?—A. I am answering them, sir.

Q. You are making a speech this time. I did not know that the atmosphere of the Senate was so conducive to speech-making?—A. We do not get a chance there as often as you do in the House.

Mr. WHITE: Do not take it out on us.

*By the Chairman:*

Q. At the time you were sitting on the committee you say you did not disclose to the other members of the committee that you were interested in the Beauharnois enterprise?—A. No, because it was not any of their affair.

Mr. STARR: I submit you should take his answer, Mr. Chairman.

The CHAIRMAN: I am conducting this examination, and I have done so before.

Mr. STARR: So have I.

The CHAIRMAN: And I am doing it my way this time.

Hon. Mr. MACKENZIE: Let us get nasty all around now.

Mr. WHITE: They will start you and me off soon.

*By Mr. Lennox:*

Q. Do you think that in view of the shares you got from Sifton and in view of your interest in the Sterling Industrial Corporation you were in a position to render a disinterested report?—A. Absolutely.

*By the Chairman:*

Q. And in order to make your report a disinterested one you discussed with Henry the questions and answers?—A. No, I did not discuss with him what his answers would be; I submitted questions.

Q. Before Henry was called before this committee which was set up by the Senate to investigate the project on behalf of Canada you prepared questions that were to be put to Mr. Henry, your partner who was an employee of the Canadian National Railways—is that correct?—A. That is correct; but I also prepared the questions for Mr. Harvey, Mr. Ferguson and Col. Dubuc.

Q. I didn't ask you that.

Hon. Mr. MACKENZIE: I think that is very important.

The WITNESS: I wanted to have these men bring out the evidence that they could be sure of when the questions were asked. Everybody knows how difficult it is for any man to give evidence on a point of that kind unless he knows what he is going to be asked about, and I wanted them to be able to answer questions specifically when they were asked, and I prepared questions for Mr. Henry, Mr. Harvey, Mr. Ferguson and Colonel Dubuc.

*By the Chairman:*

Q. Colonel Dubuc was an employee of the Government at the time?—A. Yes, Chief Engineer of Railways and Canals.

Q. Do you suggest to the committee that in the preparation of these questions you did not discuss the questions with the various witnesses?—A. No, sir; I did not.

Q. Were all the questions to be submitted to the various witnesses the same?—A. No; I submitted the questions to them so that they would be prepared to answer them.

Q. Was there any amendment to the questions after submission to them?—A. Not that I can recall.

Q. So you knew the minds of the witnesses sufficiently well to be able to prepare the questions that were going to be put to them after submitting the questions to them without discussion?—A. I knew their feelings. They had been on record before.

Q. But you never discussed these questions?—A. Never these specific questions, but I knew the mind of Mr. Harvey of the Harbour Board and of Mr. Ferguson as to the waterways, and I knew what Colonel Dubuc felt, and what Mr. Henry felt from the economic point of view with respect to the development of the St. Lawrence Waterways.

Q. At that juncture tell me what Henry felt that you knew?—A. I am not prepared now to discuss the St. Lawrence Waterways.

Q. You say you knew what Henry felt about it?—A. Yes. He was a political economist; that was his interest in the matter and that is what he was doing for the National Railways. He worked it out from the point of view of transportation. He worked out the water-borne freight as compared with rail-borne freight, and his evidence was intended to show that water-borne freight as the result of the deepening of the waterways—dealing with wheat—would render it possible to bring wheat to Montreal for approximately three cents a bushel less than under the present canal system. That is what I wanted Henry to bring out before the Senate committee.

Q. Were any of the questions you prepared for Henry dealing with electric power?—A. I do not believe so; I cannot recall the questions now, but I do not believe so. Mr. Henry had made a report at my request on the handling of grain from the Canadian West to Montreal, and in that report he showed conclusively that we had to get our handling costs on grain down to a minimum.

Q. What possible bearing has this on the power project?—A. I am not talking about that now, but about the deepening of the St. Lawrence Waterways.

Q. You are wasting the time of the committee in making this speech.—A. I am showing why I had Henry come there.

*By Mr. Lennox:*

Q. You prepared the questions?—A. Yes.

Q. Did you know what the answers were at the time you prepared the questions?—A. No, except that I knew his mind on the economic side of it. It was all bearing on the advantages of deepening the St. Lawrence Waterways, with regard to the carrying of bulk freight.



*By Mr. White:*

Q. I suppose you know that Henry said from first to last his interest was the power interest?—A. That is neither here nor there; that was his interest in 1923, but was not when he came before the Senate committee.

Q. I suggest it was, according to his own statement which I read to you a little while ago?—A. I would not interpret it as such at all.

Q. I do not understand English, perhaps?—A. Well, I think I do.

Mr. JACOBS: Perhaps the witness understands Scotch better.

*By Mr. White:*

Q. The Dominion Securities Corporation was interested in the matter at the time of the meeting of the Senate committee?—A. I could not say that definitely.

Q. Did not you know that Mr. Starr was there representing him?—A. I did not.

Q. Did you know he was there?—A. Yes.

Q. Did you not know whom he was representing?—A. No.

Q. I should have thought that as a member of the committee which was interested in consequence of the speech which was delivered you would want to know?—A. Perhaps I did at the time, and may have forgotten about it; perhaps I did not attach enough importance to it.

Q. I thought Mr. Starr's presence always meant something. (No answer.)

Mr. STARR: Oh, please.

The WITNESS: The Senators were looking for information on the St. Lawrence Waterways and I was trying to bring it out in evidence.

*By the Chairman:*

Q. And it was said that the question of the development of hydro electric power was to be investigated?—A. It might have been touched upon, because in the report of the National Advisory Committee which was made to the Government of the day they referred to power.

Q. And you were on the committee?—A. Yes, for the St. Lawrence Waterways scheme.

Q. You were on the committee?—A. Yes, I was on the committee.

Q. And you were interested in the power question personally when you were sitting on that committee?—A. Yes.

*By Mr. White:*

Q. Referring to page 215 of the Blue Book containing the proceedings of the Special Committee, let us see what you said:—

Hon. Mr. McDougald: Before we start Mr. Henry's evidence I would just like to say a word. During the investigations made by the National Advisory Board I was able, by the courtesy of Sir Henry Thornton, to go to Mr. Henry at all times, and he was in a position to give some very valuable information and supply very valuable data in regard to transportation, not only in connection with railways but in connection with the waterways; and I can say here that the information I obtained from him was of great assistance to myself and other members of the National Committee in arriving at some of the conclusions which we reached. Having that in mind, I think that perhaps you might allow me, as on the occasion when we had the men from the harbour of Montreal here, to prepare some questions. Yesterday I prepared some questions, and submitted them to Mr. Henry last night. . . ?

A. Right.

Q. That is correct?—A. Yes, that is exactly what I said.

Q. Then:—

Having in mind what you said yourself, Mr. Chairman, so that he might be familiar with them, and so that we might cover the ground quickly.—

A. Correct.

Q. Did you make any such statement in regard to the evidence of Mr. Harvie?—A. I cannot recall that, but if you read that again you will see that I made no reference to power at all.

Q. No, because you knew that both you and Harvie were interested in power?—A. It does not make any difference what I knew. I went to Sir Henry Thornton out of courtesy and asked him if he would allow Mr. Henry to come there and give evidence on the question of transportation, and he agreed. The reason I asked him was because one of the objections to the waterways was supposed to be coming from the railways, so before I asked Mr. Henry to come there I asked Sir Henry Thornton if he would allow him to appear.

*By Mr. Lennox:*

Q. Do you say there was no reference to power?—A. I do not think so.

Q. You were interested in the Beauharnois enterprise?—A. No, sir; I was not.

Q. You were interested with Mr. Henry in the Sterling Industrial Corporation, I should say?—A. Yes, if you wish to put it that way.

Q. Let me read to you from the report of the Canadian National Advisory Committee, dated January 11, 1928, in which report you joined. I read from page 19:—

We believe that the first concern of this Committee should be, and of the Government will be, the national aspects of the proposed undertaking, and we regard it as most desirable that the initial development take place in the purely domestic section of the river lying within the Province of Quebec. We believe that if a reasonable time were permitted in which to enable the resultant power to be economically absorbed the development of this national section would be undertaken by private agencies able and willing to finance the entire work, including the necessary canalization, in return for the right to develop the power.

That is part of the report of the committee, which you signed?—A. That is perfectly correct.

Q. And yet you say the power project had nothing to do with it?—A. That power clause was put in there because the Province of Quebec is a private ownership province, and there were half a dozen, or at least three power companies who would have been willing to go in there and develop that power.

Q. You were interested with Henry in the Sterling Industrial Corporation, and you advocated that this work be done by private agency?—A. What they had in mind was that the Montreal Light, Heat and Power Company and the Shawinigan Company would have been willing to go in there and develop that power for navigation in return for giving them the transportation canal.

*By Mr. White:*

Q. That was your idea when you spoke to the committee on the 29th May, 1928?—A. Which committee?

Q. The Senate committee.—A. That was the way it would be done in the Province of Quebec, certainly.

Q. No. Let me read your own language as it appears at page 138 of the Blue Book:—

The CHAIRMAN: We have in attendance this morning Mr. Harvie, General Manager and Secretary of the Harbour Commission of Montreal, and Mr. Ferguson, Assistant Manager. We will first hear from Mr. Harvie.

Hon. Mr. McDougald: Before you go on with Mr. Harvie, as Chairman of the Harbour Board, and also a member of the Canadian National Advisory Committee, I would like to make a few remarks.

Q. Making them, I take it, as chairman of the Harbour Board, and member of the National Advisory Committee, and not as a person who was interested in the Beauharnois project?—A. I was making them as chairman of the Harbour Board, because at that date I was not a member of the National Advisory Committee.

Q. You say so?—A. Well, I mean that I had been, because there was no longer—

*By the Chairman:*

Q. There is one thing certain, you were not making it as a partner of Henry in the Sterling Industrial.—A. Certainly not, no such notion in my head.

Mr. WHITE:

They are to look after the interests of the transatlantic companies, and their interests in navigation largely ends at Montreal where ocean ships stop. I would be quite satisfied with the testimony they gave if they had confined it to the question of whether ocean shipping should stop at Montreal or go to the head of the lakes, because that is one of the questions on which they can speak with authority, and one which is disturbing the minds of the citizens of Montreal and the Province of Quebec.

The WITNESS: Correct.

Mr. WHITE:

I think they answered that question to my entire satisfaction.

In October 1927, Colonel Gear, who is vice-president of the Shipping Federation (whose manager and secretary testified here) and, I may say, the dean of ocean-shipping interests in an interview given to the Montreal Standard in 1927, which I have in my hand, and from which I would like to quote, so that it may go on record, said: "I am not opposed to the deepening of the waterways, but am in favour of it." That is a definite statement by Colonel Gear, vice-president of the Shipping Federation. He goes on to say: ". . . . . but only on the condition that it is done by Canada when she can afford to do the work."

Now gentlemen, I submit that the recommendation of the National Advisory Board answers that objection, as you will see, if you read the recommendation. The Board recommends to the government that the cost of the International section be borne by the United States government, and that that section be turned over for the use of Canada free of all charge. As to the National Section, that is that part of the waterways wholly in Canada.

*By Mr. White:*

Q. The Soulanges section is wholly in Canada?—A. Yes, sir.

Q. Wholly in the province of Quebec?—A. Yes.



Q. As to the National Section, that is that part of the waterways wholly in Canada, we are advised that all the work in the Quebec section would be done and carried on by Canada, and that the United States would have no interest in it whatsoever, except for use for the purpose of navigation under the Treaties. We suggested that the development of power in that section would be made to pay for navigation, so I submit at once that if the report of the National Advisory Board be adopted by the Government, and carried out, the condition stated both by Colonel Gear and the Shipping Federation is met. First there will be no cost to the Federal Government; the international section will be built by the United States, and the National section at the expense of power.

Now, is that the statement you made?—A. That is a correct statement.

Q. That is the statement you made?—A. Yes, right, correct.

Q. And when you made that statement you personally were interested in a project which resulted in a 600 foot channel being built under an agreement by which it could be used for navigation purposes?—A. I was interested in a project that was granted by an order in council of the province of Quebec to build a canal. The company was coming to Ottawa here asking to have their rights as to their plans approved by parliament only in so far as they interfered with navigation.

Q. And which had been filed on the 17th of January, 1928?—A. That is right.

Q. When it was filed, it proposed that the channel should be built for navigation purposes?—A. This company though—

Q. Is that not so?—A. When they made their application?

Q. Yes?—A. I expect it is so, yes.

Q. And it involved the building of a canal for navigation purposes at the expense of the power interests except as to the locks?—A. At the expense of the power interests?

Q. Yes?—A. Yes, that is correct.

Q. That is exactly what you were proposing should be done before the committee on the 29th March, 1928?—A. I was not the only one on that committee. That was not my report.

Q. That is your speech to the committee, which I have quoted from?—A. But the National Advisory report was made before that. I was quoting from the report made by National Advisory Board there.

Q. And commending the report?—A. Of course I commended the report, because it was a perfectly sound report.

Hon. Mr. MACKENZIE: May I be permitted to ask one question. Was the report of the National Advisory committee made before the first application of the first Beauharnois company? It is a matter of dates. Have you got it there? Was the report of the National Advisory committee made or published or announced before the first application of the Beauharnois company?

The WITNESS: No, not at all.

Hon. Mr. MACKENZIE: I want to find out the dates.

Mr. WHITE: January 11th, 1928.

Hon. Mr. MACKENZIE: What is that?

Mr. WHITE: The report of the National Advisory Committee.

Hon. Mr. MACKENZIE: When was the application put through?

Mr. WHITE: January 17th.

Hon. Mr. MACKENZIE: That is what I wanted to clear up.

Mr. STARR: Mr. White, would you mind reading from the Roman numerals, page 31?

Mr. WHITE: What is it you want read?

Mr. STARR: The paragraph headed "The National Section," and beginning "The Board of Engineers recommends—"

Mr. WHITE: Beginning "The National Section."

Mr. STARR: Yes, but two paragraphs down.

Mr. WHITE: What Mr. Starr wants me to read is something we put in before, but I have no objection to reading it.

Mr. McLachlan next dealt with the lake St. Francis section, the north side of which was half in the province of Ontario and half in the province of Quebec, while the American shore touches the lake just at the upper end. The drop between lake St. Francis and lake St. Louis was 82 feet. The first stage of the recommended plan would develop 400,000 h.p. on a 22 foot head by a dam across the river just above Cedars. The second stage consisted of diverting 67,000 second feet overland from the pool above Cedars village to the Ottawa arm of lake St. Louis, developing thereby 500,000 h.p. on a 78 foot head. The third stage would not be approached until the power previously developed had been marketed. This stage consisted of a dam across the river at Cascades island where a 54 foot head would be developed.

That was the proposal that was recommended as being the best for power. They next considered what should be done from the combined standpoint of power navigation, and, in that connection, it was believed that, rather than build a canal for navigation, around the south side of the section overland—a 15 mile overland canal—it would be \$8,000,000 cheaper to build a side canal on the north side of Coteau rapids whereby the Federal government could develop 40,000 h.p. above Cedars and leave to other agencies, provincial or licensed companies, the development of the other two stages as required. Mr. McLachlan felt there would be no reason for developing any more power than that in order to get the best navigation.

Is that what you want? I should have stated, Capt. Mackenzie, that there was the first application, which was dated March, 1927.

Mr. LENNOX: I was just going to point that out to you—a year before.

Mr. WHITE: Then, your first question to Mr. Henry appears on page 215, and I am now referring to your questions before the Senate committee on the 31st of March, 1928.

Hon. Mr. McDougald: Will you explain the purpose of that committee's investigation, please?

That is the grain elevator committee, and their report was in 1923.

Q. That was about the time that you first met Mr. Henry?—A. Correct.

Q. I think he told us that he met you in connection with that matter first? —A. That is correct.

Mr. WHITE: I do not propose to read the answers to those questions. They are available to members of the committee, and if there is any member who wishes an answer to a question, I shall be glad to read it. The next question is,

Hon. Mr. McDougald: Is there anything in that report to which you would like to draw special attention? The report is on file with this committee.

There is a long answer to that question on page 216. I am not giving it all, because there are interruptions and so on.

Hon. Mr. McDougald: Have you made an estimate of the saving which would result in the handling of grain by the St. Lawrence route to Montreal following the deepening of the St. Lawrence canals?

The answer to that question is very short, and is as follows:

Mr. HENRY: I have.

Hon. Mr. McDUGALD: Would you explain how you arrive at that?

And then Mr. Henry goes on to explain, and his explanation covers a page or so. On page 219 appears the next question:—

Hon. Mr. McDUGALD: Will you explain the facts controlling rates in the territory affected by the St. Lawrence Waterways?

and Mr. Henry's answer covers several pages, interrupted as he was by some of the members of the committee. The next question dealt with is on page 222, and it is this:—

Hon. Mr. McDUGALD: What effect would the deepening of the St. Lawrence have upon the traffic of the railways of Canada, Mr. Henry?

and Mr. Henry deals with that subject. Then, after lunch, Mr. McDougald says at page 225:—

Hon. Mr. McDUGALD: I think the last question was, what effect would the deepening of the St. Lawrence have on the traffic of the railways of Canada. Did you finish that?

Mr. HENRY: I did not quite finish the previous one, Senator, if you don't mind.

Hon. Mr. McDUGALD: You mean the controlling of rates?

Mr. HENRY: Yes.

and then he goes on. Then at page 227 I find:—

Hon. Mr. McDUGALD: Do you think the deepening of the St. Lawrence Waterways would benefit the western farmers, and if so, why?

and Mr. Henry explains how that would happen, and what benefit it would be to the western farmers.

On page 231:—

Hon. Mr. McDUGALD: In effect, the National Advisory Committee recommended that the United States government pay the whole cost of the International section, and that the Canadian section be undertaken at the expense of power; the Federal Government and thereby navigation being thus relieved from any expense other than that involved in the maintenance and operation of the canals after completion. Under these circumstances do you think that the completion of the St. Lawrence Canals would be in the interests of navigation?

Mr. HENRY: Oh, I do not think there is any question about it.

Then the next question:—

Hon. Mr. McDUGALD: Do you think that the deepening of the St. Lawrence Waterway would adversely affect the Port of Montreal? That is what Mr. Graham was asking you. Would you give reasons for it?

Then Mr. Henry answers. On page 231, the next question was:—

Hon. Mr. McDUGALD: The next question was, what benefits do you think would accrue to the tributary territory by reason of the power developments which would result?

Mr. HENRY: That is rather a poser.



Then he goes into that question introducing what happened in the State of New York and elsewhere; and on page 232:—

Hon. Mr. McDougald: The last question I have, Mr. Henry, is: in your opinion, should the improvement of the St. Lawrence Waterway be gone on with as soon as possible, and, if so, why?

Now, I have, so far as I have observed—

The CHAIRMAN: What was Mr. Henry's answer to that question?

Mr. WHITE:

Well, as I stated this morning, the capacity of the existing canals, being within measurable distance of being reached, and inasmuch as any improvement undertaken would involve several years before it could be in operation—

Rt. Hon. Mr. GRAHAM: You mean by "improvement" the development?

Mr. HENRY: Yes.

Rt. Hon. Mr. GRAHAM: The waterways scheme?

Mr. HENRY: The waterway development. The full effect of the waterway in a reduction in rates, on account of its having reached its capacity, will not obtain. Some relief will have to be provided.

Rt. Hon. Mr. GRAHAM: In the meantime?

Mr. HENRY: I mean it would have to be started right away.

Rt. Hon. Mr. GRAHAM: If the waterway development scheme is approved and goes on, in the time that will elapse between now and the date when that will become available we shall have to make certain improvements on our own canals to take care of the increase in traffic?

Mr. HENRY: It might be desirable to do that, Mr. Graham.

Rt. Hon. Mr. GRAHAM: You need not answer these questions unless you like—

Mr. HENRY: I do not know what improvements of that kind would cost.

Right Hon. Mr. GRAHAM: We had that fairly well from Colonel Dubuc this morning. There is a factor that has arisen in our discussion. You and Colonel Dubuc and these other gentlemen have been giving us just the information that we have been after about these things. . . .

WITNESS: That is correct. That is what I was trying to bring out.

Mr. WHITE: Why do you interrupt me?

WITNESS: Just to bring out the point I made before. That is why I brought Mr. Henry and Colonel Dubuc there.

Mr. WHITE: You are not assuming then only the role of a witness here.

WITNESS: I am assuming you want the truth here.

Mr. WHITE: I will be obliged if you do not interrupt me in the middle of a paragraph.

WITNESS: All right, sir.

Mr. WHITE: (Reads):—

. . . .The question has arisen as to the complication that may arise on account of the development at Oswego, or, say, at Albany, both as to water transportation and as to short mail haul. Now, what is your view of that as it has an effect on our development of the St. Lawrence Waterways?

Mr. HENRY: Due to the improved facilities provided, in elevator capacity, both at Montreal and at Port Colbourne, we have been able in these last few years to influence the traffic through that canal, be-

cause it is demonstrated to the shipping world that it is a reliable channel. If anything happens to congest it, it is altogether probable that the grain will find other outlets and that it may be rather difficult to get it back. That is just a general statement. With regard to Albany—you refer to Albany—I was down there last summer for the purpose of seeing whether any development was going on, and I found that the port authority of Albany—I am not sure of the exact title of the body there—were engaged in some dock construction, and I was told then that some funds had been provided by the United States Federal Government for dredging the river. If my memory serves me right, the distance from Oswego to Albany is something like one hundred and eighty miles.

Right Hon. Mr. GRAHAM: It was stated that the distance was one hundred and twenty miles, but I thought that was a little short.

Mr. HENRY: But the idea the interests down there have is that it would permit of a tramp movement. A tramp movement, on account of the great expense in getting into the Port of New York, was rather out of the question, but if a tramp could come up to Albany and unload a cargo there, it is contended, and I am inclined to agree with it, that they could successfully compete with the New York movement, on account of this difference in haul. You see, the difference in rail haul is probably two hundred miles.

Right Hon. Mr. GRAHAM: That is rail haul?

Mr. HENRY: Yes, rail haul.

And then quite a discussion takes place about that. I will read it if the committee desires.

The CHAIRMAN: No.

Mr. WHITE: I will give you the result of it. At page 235, Senator McDougald asks:—

Hon. Mr. McDOUGALD: Just to clear up a point that was not cleared up this morning to my satisfaction, I want to ask this: the Soulanges Canal has a capacity now of 14,000,000 tons; the Cornwall Canal and the Morrisburg Canal are the weak links; supposing that money was spent to bring the Cornwall and Morrisburg Canals up to the capacity of the Soulanges Canal, in your opinion how long after that would we reach the peak capacity, at the present rate of traffic?

Mr. HENRY: I should think about 1938 would be a reasonable date.

That has not any significance, of course?

WITNESS: No, not a bit.

Mr. WHITE: No, none whatever.

The CHAIRMAN: At this juncture I want to clear a point. Senator McDougald, on May 20, 1931, before the Orders of the Day in the Senate—and I am reading from Senate Hansard—you made a speech, I hope I will not tire you with this speech, but I will have to read a part of it:—

Honourable members of the Senate, before the Orders of the Day, I rise on a question of privilege. According to the newspapers of this morning my honour and integrity as a member of this House have been attacked in another place, and I desire to draw attention at once to a statement which I made in the Senate in April, 1928, regarding my position in the much-discussed Beauharnois Power Company. Newspaper articles had reflected on myself and other members of the National Advisory Committee reporting on the St. Lawrence Waterways. It was

insinuated that our decisions and recommendations were influenced by personal interest in power developments on the St. Lawrence. In this House I stated at the time that I had no interest in the Beauharnois Power Company or in the syndicate. That was absolutely true and correct. I may say at once that up to that time . . . .

that is April, 1928.

. . . . I had been invited on many occasions to become a member of that syndicate, but had always declined. After that date I was asked again, and had the whole project investigated from every angle. When I was satisfied that it was a proper project for me as a member of this Senate, as a business man, and as a citizen of Canada, to take a financial interest in, I agreed to do so. Some six months later, in October, 1928, I took an interest in the Beauharnois syndicate.

*By the Chairman:*

Q. That is not a correct statement, Senator, I suggest to you?—A. I suggest, sir, that it is a correct statement.

Q. Then your evidence yesterday was wrong, because you bought from Sifton in May?—A. I did not appear in it until October. Mr. Ebbs was my representative in October, and I became active in it in October.

Q. Is that your explanation for that statement?—A. That is my explanation for that statement. I was in the syndicate—

Q. Why, of course you were in the syndicate; here is your evidence.—A. The end of May, 1930, and not when I made the speech in the Senate.

Q. You say in your speech distinctly that in October, 1928, you first took an interest in the Beauharnois Syndicate. Yesterday in your sworn testimony you admitted that you had purchased from Sifton in May, 1928?—A. That is correct.

Q. I suggest to you that your statement in the Senate was entirely wrong?—A. It may have been ambiguous, but it was not wrong. What I meant was I came into it in October through Mr. Ebbs. That is the first time I came into it.

*By Mr. White:*

Q. Let us have no ambiguity about this. I am, from your recollection, correctly quoting from the record of questions that you asked Mr. Henry on that occasion, am I not?—A. I thank you very much for bringing out the answers.

Q. Don't thank me.

Mr. JACOBS: Just doing your duty.

Mr. WHITE: Yes.

Hon. Mr. MACKENZIE: In your usual impartial way.

Mr. WHITE: I am glad of that commendation from the left wing.

*By the Chairman:*

Q. Just before you go on with that, Mr. White, I want to complete the question I was putting to the Senator a moment ago. While you were making this ambiguous speech, as you call it now, in the Senate on the 20th May, 1931, of course, you were interested with Mr. Henry in the Sterling Industrial Corporation?—A. That is right.

Q. And this is what your partner says at page 575 of the evidence, taken before this committee. He was asked this question:—

*By the Chairman:*

Q. Let me put it this way, Mr. Henry: when you filed your application did you feel that you had any right over anybody else to be favour-



ably considered by either the Province of Quebec or the Dominion Government?—A. Well, as I explained, Mr. Gordon, I did not think that I had any right so far as the Province of Quebec was concerned, because I had proceeded upon the hypothesis that the Federal Government probably had in mind developing this power itself, and therefore if the Provincial rights question was to be dealt with, it would be dealt with by the Federal Government; so I made the application to the Federal Government, and even so far back as 1928 I was not sure in my mind whether the Federal Government or the Provincial Government had the right.

Q. Am I right in this, Mr. Henry, that you having the knowledge that you did of the possibilities in this section, took the steps that you described of placing an application on record with the Dominion Government and at the time knowing that others were interested in the project as well?—A. Oh, yes.

Q. And you did not propose to let anybody else go on and develop that without taking care of Henry and McDougald?—A. Well, that is probably one way of putting it, Mr. Chairman.

Have you any quarrel with that?—A. I have no quarrel with anything Mr. Henry said, but I am not responsible for anything he said.

Q. Do you agree with that?—A. I would not agree with that as far as I am concerned. I had nothing to do with it. That was Henry's idea about it, not mine.

Q. He was your partner?—A. That is open to some question at that time.

Q. What?—A. There were no activities whatever in the Sterling Industrial Corporation from 1923 up to 1928. I had nothing in my mind about it at all. It was dormant, as far as I was concerned.

Mr. LENNOX: It was incorporated in 1924.

The WITNESS: That is all right. It was inactive.

*By Mr. Chairman:*

Q. I suggest to you that 1928 was the time when the stage became set?—A. Late in 1928.

Q. Yes?—A. Yes.

Q. And then you do not suggest that you had disassociated yourself from Henry, because he was your partner?—A. The stage was not set at all. I was his partner to the extent that I had financed him.

Q. You were a partner with him?—A. If that is being a partner, I was.

Q. And the Sterling Industrial Corporation was revived, and Henry said in his evidence that he did not propose to let anybody else come in and develop without taking care of Henry and McDougald. Is not that a fair statement?—A. That was his statement. As far as I am concerned, he did not consult me as to whether he would take care of me. But I was satisfied that Henry would take care of himself.

Q. Oh, yes, but you were taking care of Henry?—A. Yes, but he was prepared to continue with other influences whether I went on with him or not, which he so stated.

*By Mr. Lennox:*

Q. Listen to this from the evidence of Mr. Henry, page 571:

After my first meeting with Mr. Swezey I considered the situation, studied what he told me about the prospects and so on, and met him two or three times and became somewhat interested in his ideas and his imagination, and finally—I would guess this to be around the 1st of December—Senator McDougald—

*By Mr. Lennox:*

Q. What year?—A. 1928. And Senator McDougald asked me whether I would consider merging my interests with the Sweezey group. Well, I took that matter into consideration and shortly thereafter told him that I thought I would. He then asked me what I thought the value of the Sterling Industrial Corporation was. Well as more or less of a gamble, but based upon the consideration that I thought I knew as much about the possibilities of that section as anybody else in Canada—and certainly I thought I knew as much about it as Mr. Sweezey—I made the suggestion that 2,000 part-interests would be fair remuneration for myself and Dr. McDougald for the Sterling—

Is that correct?—A. That is what he told me, yes.

Q. But did you suggest the merging of the Sterling Industrial with the Sweezey interests?—A. I did. I thought it would be in the best interests of the Sweezey interests to take over the Sterling Industrial.

*By the Chairman:*

Q. Why?—A. Well, the chief reason was that I wanted Mr. Henry in the organization. I did not want Mr. Henry to get into any other—

Q. Don't you think you could have got him in without taking over the Sterling Industrial?—A. I don't think so.

Q. What right had the Sterling Industrial?—A. Well, Mr. Henry had started the Sterling. It was his creation.

Q. Why, the very plan attached to your application was taken from the plan attached to the file in the Department of Railways and Canals. It was taken from a tracing made by officers of the Department of Railways and Canals, and it is so indicated on the legend on the plan?—A. I suppose anyone else could have got the same plan if they had wanted it.

*By Mr. Lennox:*

Q. It shows Mr. Henry's influence could not have been very great.—A. I was not talking about his influence at all. I was thinking of Mr. Henry as a man and an engineer and a man of capacity.

*By the Chairman:*

Q. Is it fair to say that you were riding in on Henry's back?—A. I do not think we were riding in on either one of us.

Q. Well, you are putting it up now on account of Henry's special knowledge, that the Sterling Industrial had to be taken in?—A. That was one of my reasons for—

Q. Was that your only reason?—A. No. I thought it would be altogether in the interests of the company if it could acquire this company and its rights, whatever it might have—

Q. Do you not think you could have acquired it by merely saying to the Department— —A. I don't think I could. I never tried.

Q. Let me sum it up this way: In receiving your half interest in the consideration that was paid for the Sterling Industrial you were hesitant, an unwilling recipient of it?—A. I would not say that for a minute.

*By Mr. Lennox:*

Q. Let me put it another way, in view of your evidence yesterday: You and Henry each owned a half interest in the Sterling Industrial, save five stenographers— —A. That is quite correct.

Q. —who had each been issued one share?—A. Who had been issued one share.

Q. And you suggested yesterday that the reason, or one of the reasons that may have prompted the Beauharnois to give you 2,000 part-interests was because some people in the Department, some of the officials in the Department might hold it up?—A. No, I did not say that. I did not say anything of the kind.

Q. What did you say, might delay it then?—A. No, I did not even say that.

Q. Well, what did you say?—A. I said in that connection that everyone knows, who has had anything to do with the Departments, that it takes a very little thing to hold up a project of that kind.

Q. How in the world would anyone be interested in holding it up if you and Henry, who were the sole proprietors, if I might use that word, did not want it held up; you could abandon it in one hour?—A. If Henry had taken in other interests, if he had left me out of it and had taken in Dillon-Reid, for example, I would have had no hold over Mr. Henry.

Q. Henry wanted to come in, according to his evidence?—A. Into what?

Q. The Beauharnois.—A. Well, he went down to New York and saw Dillon-Reid, and he told me that they were willing to finance him in any power project which he would bring to them.

Q. But they never went ahead with it?—A. I know, but Mr. Henry was quite prepared to go on with other people if he saw fit, and I thought that would be bad for everybody.

*By the Chairman:*

Q. Why?—A. Because it might delay the whole thing, and the fact of getting under way was one of the reasons, and I might say I thought the Beauharnois company should be interested there, in, so to speak, the first wedge in the deepening of the St. Lawrence Waterways.

*By Mr. Lennox:*

Q. Let me read to you what he says. You say you were afraid of Dillon-Reid getting possession of Henry and his ability. I am reading from page 571:

*By Mr. Gardiner:*

Q. And during all this time while you were making the investigation were you financed by Senator McDougald?—A. No. There were no expenses involved in it except incidental expenses that I paid out of my own pocket. I did all the work myself.

This would be back in 1923?—A. Yes.

Q. Then:—

I did interview some Boston banking houses with a view to seeing whether they would be interested in a project of this kind or not, and through some friends of mine in New York I got in touch with Dillon-Reid, and went over in a general way the characteristics and possibilities of that section.

That is all he says about Dillon-Reid?—A. That is quite sufficient to know he was interested in getting someone else to go in with him if I dropped out.

Q. Not a suggestion that they would take any interest in it?—A. They would make a proposition at that time to take a definite interest in it.

Q. I suppose Mr. Henry thought in 1923 that they would?—A. It was not in 1923. It was in 1928.

Q. Oh, no. Excuse me. The question is:—

And during all this time while you were making investigations were you financed by Senator McDougald?



And he says no. And you did finance him in 1924, and you did finance him in 1925. He says he got \$10,000 altogether. You did not finance him at the beginning, you swear to that?

Mr. MONTGOMERY: Read the top line, Mr. Lennox, and you will see it is 1928.

Hon. Mr. MACKENZIE: Read back a little further, Mr. Lennox, and you will see it is in 1928.

Mr. LENNOX: That is the interview with Sweezey, which had nothing to do with Dillon-Reid, so it must have been 1924.

*By Mr. Lennox:*

Q. Then just to clarify the air and get it in chronological order, it was in 1923 that you first became associated with Mr. Henry and agreed to finance him up to \$10,000, and in 1924 the Sterling company was incorporated, or an application was made?

Mr. WHITE: Incorporated 5th July, 1924. There were two applications, fifth and seventh, one to the Public Works and the other to Railways and Canals.

*By Mr. Lennox:*

Q. Then you say that the company remained dormant until 1928?—A. That is right.

Q. Yes. On the 11th of January, 1928, the National Advisory Committee made a report and the majority of the committee recommended that the work be done by private agencies?—A. In the province of Quebec.

Q. Yes, in this section?—A. Yes.

Q. Then after joining in that report, within four months you became the owner through Sifton of 800 shares which afterwards became 1,600 shares?—A. I was no longer a member of the National Advisory Committee.

Q. No, no. I say after making that report, because the committee had done its work and I suppose that is all there was to do,—but four months afterwards, at all events, you became the owner of these shares?—A. Correct.

Q. And then in the Senate on the 31st of May you—A. The 19th of May.

Mr. WHITE: Are you referring to the Senate committee, sir?

Mr. LENNOX: Yes.

Mr. WHITE: The 31st of May.

Mr. LENNOX: That is the report of the Senate committee, June 7th.

*By Mr. Lennox:*

Q. Now then, just going back for a moment, the Beauharnois had made an application in March, 1927, and a second application on the 17th of January, 1928, which was immediately after—A. Of which I had no knowledge whatever.

Q. I am just giving you the facts, which was immediately after the National Advisory Committee had recommended that this work be done, and three or four months afterwards you acquired the Sifton shares. That is correct, is it not?—A. I think that is correct.

Mr. STARR: Mr. Lennox, the National Advisory Committee had before them the report of the International Board of Engineers on the north section of the St. Lawrence. You will find that that was all they considered, that is, the International Board of Engineer's report which was on the north section.

Mr. LENNOX: The report which I read refers to this section.

Mr. STARR: No.

Mr. LENNOX: I am not interested in the north shore at all.

Mr. STARR: You mean to say that the report of the National Advisory Board referred to this Beauharnois section.

Mr. LENNOX: This is a report that was signed, and concurred in by Senator McDougald:—

We believe that the first concern of this committee should be, and of the government will be, the national aspects of the proposed undertaking, and we regard it as most desirable that the initial development take place in the purely domestic section of the river lying within the province of Quebec.

Mr. STARR: That is it,

of the river lying within the province of Quebec,

not the Beauharnois canal.

Mr. LENNOX: Then:

We believe that if a reasonable time were permitted in which to enable the resultant power to be economically absorbed the development of this national section would be undertaken by private agencies able and willing to finance the entire work, including the necessary canalization, in return for the right to develop the power.

Mr. STARR: Now you will see, if you read the order appointing the board, it refers to the report of the International Joint Board of Engineers, and while you read "in the River St. Lawrence" that is the north section. This Beauharnois canal is not in the River St. Lawrence at all.

Mr. LENNOX: Why do you say it is the north section?

Mr. STARR: The International Joint Board of Engineers' reports, which they had before them, were all dealing with that.

Mr. LENNOX: Mr. Henry said the only thing he was interested in at all was the power question. He said that in his evidence, and he is the man who gave the evidence before the National Advisory Committee.

Mr. STARR: Just wait a second till I read this. "January 5, 1928." I am reading from Roman numeral page 15 of the Senate Committee:

Complete report, with appendices and detailed plans finally available and the National Advisory Committee called to consider the proposals.

That is what they were called for. They had nothing to do with the Beauharnois at all.

Mr. LENNOX: Do you suggest that the National Advisory Committee were not at all interested in this part of the river?

Mr. STARR: If they were interested in it they never reported on it, that is my point.

Mr. LENNOX: What do you think these private agencies were going to do?

Mr. STARR: That was on the north section.

Mr. LENNOX: Build a canal on the north section?

Mr. STARR: Yes.

The WITNESS: Mr. Lennox, may I just say a word?

Mr. LENNOX: Certainly.

The WITNESS: The committee suggested in their report to the Government that the Quebec section, or the International section should be done by private interests. We knew perfectly well that in that section, on the north side of

the river, the Cedars Rapid company was there, owned by the Montreal Light, Heat & Power Company, and that the Shawinigan Company were there with a development of their own, and we knew the feeling of the province of Quebec regarding private ownership versus public ownership, and we knew that nothing could be done in that section of the river, quickly at least, unless it was done by private corporations. It might have been done by the Montreal Light, Heat & Power Company, and that was really the recommendation that the engineering body made in their report. They did not report on the Soulanges section at all.

*By Mr. Lennox:*

Q. I understood you to say that when this report was made you had in your mind the Shawinigan, because they were first?—A. Because they had an interest in the river and so had the Montreal Heat and Power Company. It had no reference whatever to the Soulanges section.

*By the Chairman:*

Q. Referring to the report of the Canadian National Advisory Committee, there was a minority report as well?—A. Yes, there was, Mr. Chairman.

Q. Referring to page 27 of the minority report, signed by Beaudry Leman and Adelard Turgeon, this is stated:—

It would appear of great importance that the Crown retain permanently its proprietary rights in all the improvements connected with this vast undertaking and pertaining to both navigation and power development. It is not difficult to visualize the immense value to Canada of retaining the control and disposal of such a large amount of hydro-electric energy admirably situated and which may be advantageously developed.

Do you disagree with that?—A. Yes, naturally.

*By Mr. Jacobs:*

Q. Is it not a fact that both Mr. Beaudry Leman and Mr. Adelard Turgeon were largely interested in the Shawinigan Power Company?—A. They were both directors.

Q. And the value of their evidence would be largely destroyed by that fact? (No answer).

*By the Chairman:*

Q. With you on the one hand representing the Sterling Industrial Corporation— —A. I protest that I was representing no company whatever, sir.

Q. Well, interested in it?—A. That is different from "representing" it.

Q. You were interested in the Sterling Industrial Corporation at this time? —A. I did not think I was; I did not consider the Sterling Industrial Corporation worth anything.

Q. What nonsense. You—

Mr. JACOBS: You said yourself, Mr. Chairman, that in 1928 the Sterling Industrial Corporation was merely a sham organization which amounted to nothing at all, and the witness has adopted your view of it.

The CHAIRMAN: That is a sinister refinement.

Mr. JACOBS: There is nothing sinister about it.

Hon. Mr. MACKENZIE: There have been lots of sinister refinements manifested during the proceedings of this committee.

Mr. STARR: May I—



The CHAIRMAN: Please let me proceed.

Q. If anybody owned the Sterling Industrial Corporation at the time the report was made it was you and Henry?—A. What there was of it.

Q. What there was of it, you and Henry owned?—A. That is right.

Q. So that while sitting on this committee and joining in the majority report you were interested to that extent personally?—A. If you can call it being interested; I never thought about the Sterling Industrial Corporation at all in any way, shape or form.

Q. When you were sitting upon this committee and when you joined in the majority report you were interested personally and privately to the extent that you were interested in the Sterling Industrial Corporation?—A. That is right.

Q. And Beaudry Leman and Adelard Turgeon, who signed the minority report, were, you say, interested in Shawinigan and some other properties?—A. I did not say that. I said they were directors of the Shawinigan Company.

Q. I suggest to you this: What possible chance did Canada have? (No answer).

Mr. JACOBS: Oh, I do not think our Order of Reference is quite as broad as that, Mr. Chairman.

The WITNESS: I will tell you the chance that Canada had: By the Beauharnois project Canada is getting a canal for navigation for nothing which would otherwise cost them \$10,000,000 to \$16,000,000. That is the chance Canada is getting.

Mr. STARR: May I make my suggestion now?

The CHAIRMAN: Yes.

Mr. STARR: It is that the report of the Canadian National Advisory Committee, based on the development of the north section of the St. Lawrence—

Mr. WHITE: What do you mean by the "north section"?

Mr. STARR: The north side, if you like—and pointing out the feasibility of that proposition made by the majority of the committee, in which Senator McDougald joins, was directly against either the Beauharnois or the Sterling Industrial Corporation applications.

*By Mr. White:*

Q. Then, Senator McDougald, just to pursue for a moment the subject opened up by the Chairman in reference to your speech of May 20, 1931, in the Senate, let me quote from the official report—unrevised edition—of the debates of the Senate on that day, following what the chairman quoted to you some time ago:—

I may add that I put into the syndicate dollar for dollar with every other member of it. . . .

Did you say that?—A. That is right.

Q. Is it true?—A. That was my conception of it, yes. I put into the original syndicate \$190,000.

Q. You did not say "in the original syndicate." Let me read it to you again so that you may consider it before you answer it:—

I may add that I put into the syndicate dollar for dollar with every other member of it. . . .

A.—That was my feeling at the time.

Q. As a matter of fact, you had not put in dollar for dollar in the syndicate with every other member of it?—A. It depends on the value that Swezey put on the Sterling Industrial Corporation.

Q. Or the "nuisance value" that you were able to—?—A. It was Sweezey's business; he was the purchaser, and it was his business to say what that was worth.

Q. Oh, no; Sweezey was not the purchaser? (No answer.)

*By the Chairman:*

Q. Both Sweezey and Griffith testified that it had no tangible assets?—A. Why did they buy it?

Q. That is what we want to know?—A. That is for them to explain, not me.

*By Mr. Lennox:*

Q. They might have thought that the fact that you were a Senator might help them?—A. That also would be their business, not mine. When I made that statement I considered it absolutely correct.

*By Mr. White:*

Q. You now know it is not correct?—A. I do not know that.

Q. Do you persist in the correctness of that statement?—A. Yes.

Q. Let me read to you from page 905 of the report of your evidence yesterday:—

*By the Chairman:*

Q. Then what was worth something?—A. The application that was in there. I do not know the technical term for it, but I understand and did understand that it made it impossible for any other company to come in and get any rights through unless that was removed. Now, it had a nuisance value.

In the face of that answer of yours, do you still persist that your statement was correct?—A. I do.

*By the Chairman:*

Q. That you put in dollar for dollar with the rest of them?—A. Yes, value for value, I meant.

*By Mr. White:*

Q. You said "dollar for dollar"? (No answer.)

Q. You said:—

I may add that I put into the syndicate dollar for dollar with every other member of it. . . .?

A. Yes.

Q. As a matter of fact, Mr. Frank Jones had put in \$190,000 in real money?

—A. So had I.

Q. And in addition to that you had put in the Sterling Industrial Corporation for two thousand part-interests?—A. Which had no value at all—

Q. Which had no value—?

Hon. Mr. MACKENZIE: Let the witness finish his answer.

*By Mr. White:*

Q. Finish your answer.—A. I say when the Sterling Industrial Corporation was taken over by the Beauharnois Company Mr. Sweezey and Mr. Griffith, both of them who bought it, were the ones to put the valuation on it, and they thought it was worth two thousand part-interests; it was not paying cash; it was an exchange of shares.

Q. What were they buying?—A. The Sterling Industrial Corporation, for whatever they thought it was worth. It was for them to say what it was worth. I was not buying it.

Q. You had it to sell?—A. That makes no difference.

*By Mr. Jacobs:*

Q. They were not giving money, but exchanging shares?—A. Yes, sir.

*By the Chairman:*

Q. Shares which represented money?—A. Not at that time.

*By Mr. White:*

Q. Which people were paying money for, at \$100 a share?—A. Yes, but who would say whether the shares were worth \$100 or not?

*By the Chairman:*

Q. People were paying for them?—A. You could not take those shares and raise any money on them.

Q. It was not very long before the trust companies and the banks were advancing huge sums?—A. Only after they got contracts from the Ontario Hydro Electric Power Commission and the Montreal Light, Heat and Power Company; otherwise it would not have been worth a dollar of financing.

Q. You got the approval at Ottawa. If Order in Council No. 422 had not been passed you could not have entered into any contracts?—A. Quite correct; but neither of those shares would have been worth a dollar if they had not had those contracts from the Montreal Light, Heat and Power Company and the Ontario Hydro Electric Power Commission.

Q. Do you want to revise your answer, that you put in dollar for dollar?—A. I considered it correct when I made it at the time.

Q. Is it still correct?—A. Yes, still correct.

*By Mr. White:*

Q. Are you contending that the Sterling Industrial Corporation had any real substantial value? (No answer).

Mr. LENNOX: Yes, because he said he put in dollar for dollar.

*By Mr. White:*

Q. What is your answer?—A. Of course I do.

Q. What was the value?—A. Swezey can tell you that better than I can.

Q. I am asking you?—A. It is for him to say what it was worth, not me.

Q. Point out to me one single dollar of value there was in the Sterling Industrial Corporation?—A. That is a question that would be difficult for anybody to answer.

Q. I should think so. Are you content to leave your answer there?—A. Yes, I am.

Q. Then I am content.

*By the Chairman:*

Q. I am not content. I want to read from your evidence given yesterday at page 905:—

*By the Chairman:*

Q. You say your application had a nuisance value?—A. Yes.

Q. Elaborate on that, please?—A. I cannot, any more than say I was told at the time that no other applicant could get any consideration from any Department until the prior application was removed?

A. That is correct.



Q. You were holding them up?—A. No, sir; I was not holding them up.  
Q. Well, you were not helping them up?—A. I was not holding them up.

*By Mr. White:*

Q. What else were you doing?—A. You have no right to insinuate that I was holding them up.

Q. I am insinuating that the only thing you had of any value was an obstacle in the way of their application?—A. That is for Swezey and Griffith to say, not me.

Q. What I am asking you to say is what other value there was?—A. I have already said what I thought the value was.

Q. What was it?—A. What the chairman has quoted.

Q. In other words, that you were in a position to stand in the way of their application?—A. I was not in their way.

Q. Where were you?—A. Where I always have been, with the Beauharnois Syndicate.

The CHAIRMAN: Sitting pretty, that is where he was.

*By Mr. White:*

Q. Let us get at it. Can you suggest to me one single penny of value that the Sterling Industrial Corporation had to the Beauharnois Syndicate other than the removal out of the way of Henry and yourself? (No answer).

Mr. JACOBS: I suggest to you that Mr. Swezey took over both Henry and the witness.

Mr. WHITE: I would have much preferred the witness' answer.

The WITNESS: I had that in mind to say, but I am too modest to say that perhaps they thought I would be of some value.

*By Mr. White:*

Q. What was your value?—A. I do not think any value at all.

Q. So that disposes of you?—A. Yes.

Q. So that you got a lot of money for no value at all?—A. Excepting that Swezey thought that perhaps I could help him to finance the future of the Beauharnois Company if I was in there.

Q. But you already—

*By the Chairman:*

Q. But neither you nor Henry were to get your part-interests—

Hon. Mr. MACKENZIE: You should object to the chairman's interruption also, if you are going to be consistent.

Mr. WHITE: I am not going to let that remark go by.

Hon. Mr. MACKENZIE: It does not matter to me whether you do or not.

Mr. WHITE: Mr. Jacobs was not asking a question but answering a question.

Hon. Mr. MACKENZIE: And doing what other members of the committee have done all through these proceedings.

Mr. JACOBS: I apologize if I interrupted you.

Q. May I ask how much money you have invested in the company now?—A. I put \$190,000 in the original syndicate, and in October or July of 1929 I took on a commitment of \$1,000,000.

Q. \$1,000,000?—A. Yes.

Q. And that is what you were committed for to the Beauharnois Light, Heat and Power Company?—A. No. I took over interests that were being

offered at the time of the Jones controversy. Sweezey came to me and asked me if I would help to finance these interests, and I took on a commitment in July, 1929, amounting to \$1,000,000.

Q. You had something more than a nuisance value to the company, had you not?—A. I considered I could help them in some way.

*By Mr. White:*

Q. And at the very time the company took over the Sterling Industrial Corporation you were interested in the Beauharnois Syndicate?—A. Yes. That was why—

Q. So they had you, anyway?—A. Mr. Sweezey did not know that. That was why I was—

Q. And I suppose you did not tell them?—A. No. That was why I was particularly anxious to get Mr. Henry in there.

Hon. Mr. MACKENZIE: A pretty good poker game, I think.

Mr. WHITE: That is a game about which I am not able to say anything, of course.

*By the Chairman:*

Q. When you say you took on a commitment of \$1,000,000, what do you mean?—A. I undertook to purchase two thousand part-interests at the time Jones was offering his interests to Sweezey.

Q. Whose part-interests were they?—A. They belonged to Oscar Dufresne and Joseph Simard.

Q. Did you actually put up \$1,000,000?—A. No; I put up \$100,000 for the option on them, and had to finance them afterwards and did so through the Montreal Trust Company; I do not own the shares now.

Q. But you did not put up \$1,000,000?—A. I took the obligation on, which is equivalent to doing so. I would have had to take them up if I had not been able to sell them later.

Q. But the only money you put up was \$100,000?—A. Yes.

*By Mr. White:*

Q. And you got them back?—A. The only point I am making about that is that my interest in the company was such that I was prepared to take on \$1,000,000 if necessary, and I put up \$100,000 at the time. As it turned out afterwards, the shares were taken over by other interests, and I did not have to put up the \$1,000,000 commitment.

*By the Chairman:*

Q. And to-day you have got your money back that you put into it?—A. Yes, of course.

Mr. JACOBS: All's well that ends well.

*By the Chairman:*

Q. You got your profit?—A. That is why I went into it, to get a profit.

Q. That is why you started in at the beginning, in the hope of profit?—A. In 1923, yes, before I had anything to do with the Senate or the National Advisory Board.

Q. Right from 1923 on, you were expecting a profit?—A. Well, I didn't have much hope for profit from the Sterling Company because it was dormant, as I say, from 1924 until 1928.

Q. Who were the shareholders from 1924 to 1928?—A. Who were the shareholders?

Q. Were they five stenographers?—A. They were five stenographers.

*By Mr. Jacobs:*

Q. That company from 1924 to 1928 was sleeping?—A. In a lawyer's office.

Q. In the office of McGiverin, Haydon and Ebbs?—A. Yes, that is correct.

The CHAIRMAN: It was sleeping.

Mr. WHITE: It woke up once a year, Mr. Jacobs, to file annual returns.

Mr. JACOBS: Yes, once a year they woke up.

The WITNESS: I suppose that is a customary practice, Mr. White, in a lawyer's office?

Mr. WHITE: I do not know anything about that.

The WITNESS: Well, I do.

Hon. Mr. MACKENZIE: Mr. White does, too.

Mr. WHITE: I am not an office lawyer.

Mr. STARR: You were referring to the Sterling company as being incorporated by five stenographers. That is not quite true. Mr. Ebbs was the president of the company, according to the documents filed, and I do not know whether this would be slanderous against Mr. Ebbs or not.

*By Mr. White:*

Q. Then Mr. McDougald, looking at the debates of the Senate, 19th April, 1928, I see you are reported to have said:

Now, let me deal with a despatch which appeared in the Toronto Mail and Empire also on April 18, and similar to that of the Globe, with the exception, perhaps, that where the Globe "reputes" the Mail and Empire "suspects":

"That the report was written by Senator McDougald, Sir Clifford Sifton and Thomas Ahearn is believed, and the other members of the committee played unimportant parts and did not influence the decision. These three capitalists are either known or suspected of being interested in power schemes——"

The WITNESS: That is correct.

*By Mr. White:*

Q. Now, the Mail and Empire and the Globe, whether it was suspicion or refutation, were correct to the extent in which you were interested in the Sterling?—A. I did not consider that I was in any power scheme at all by virtue of the Sterling company. When I made that statement I didn't even have the Sterling company in my mind. I had forgotten entirely about it.

Q. Then, a month after that you got the Sifton interests?—A. That is right, or two months, perhaps.

Q. And did you say you paid to Mr. Sifton \$30,000 for these shares?—A. Yes, sir.

Q. Did you pay by cheque?—A. No, sir.

Q. How did you pay it?—A. In bonds.

Mr. JACOBS: You must have been acquainted with Mr. Aird.

The WITNESS: No, it was a very common thing.

Hon. Mr. MACKENZIE: It is a new practice.

*By the Chairman:*

Q. To whom did you deliver the bonds?—A. They were delivered by my attorney and by my financial man at my office.



*By Mr. White:*

Q. Who was your attorney?—A. Mr. C. A. Barnet.

*By the Chairman:*

Q. To whom were they delivered?—A. To Mr. Sifton himself.

Q. That is Winfield Sifton?—A. Yes.

*By Mr. White:*

Q. Why did you not get then and there an assignment of his interests?—  
A. Because Mr. Sifton did not want his name should appear in the transaction at all. He did not want it known that he had anything to do with the Beauharnois company.

Q. But his name—

Mr. STARR: Let him answer.

Mr. WHITE: I know, but for goodness sake, I should like to end the answer somewhere.

Mr. STARR: You are interrupting him.

Mr. WHITE: Your client is continually making, what seems to me to be superfluous answers.

The WITNESS: You asked me, Mr. White, and I am trying to tell you why.

Q. What I want to point out to you is that Mr. Sifton never appeared in the transaction.—A. That is quite correct.

Q. And that the transaction to transfer from Mr. Moyer in your name—after the first of April those part-interests could have been transferred to you without the intervention of Mr. Sifton at all?—A. I—

Q. Without the same— —A. It is not—

Q. Without Mr. Sifton's name appearing?—A. The reason for that was that I did not want my name to appear at the time.

Q. Why?—A. For one reason, I did not want to take on the commitment, at the time the other interests were coming due, the other Syndicate, that is 30,000 shares, which were closing out the first Syndicate.

Q. At that time?—A. I do not mind taking 30,000 shares or \$30,000, but that was 1,600 part-interests which would have been fully paid up at the close of the syndicate, the next payment that had to be made was on the first of June or thereabouts for \$16,000.

*By the Chairman:*

Q. \$16,000?—A. Yes; that was the next one, on the next Syndicate.

Q. You do not mean \$16,000?—A. Yes, 10 per cent which was the first call. The commitment was around \$160,000.

*By Mr. White:*

Q. That was not transferred to you by Mr. Sifton?—A. No, sir. That was still kept in the name of Moyer.

Q. Moyer subscribed for those 1,600 on your instructions and not on Mr. Sifton's?—A. No, on Mr. Sifton's instructions.

Q. So that Moyer, apparently, was in the dark as to who owned the shares from the middle of May until he transferred them to Ebbs?—A. That is correct, or until, as he stated the other day, he had instructions from Mr. Sifton if anything happened to him, to consult with me.

The CHAIRMAN: Mr. White, allow me to interrupt there. The Senator said he had some other reason for not wanting to go into this thing. He gave us one reason, and perhaps he has some others.

The WITNESS: The other reason was, I did not want any other people to come into the Beauharnois Power project because I was in it.

Q. The same reason as Senator Raymond gave?—A. Practically the same reason. I have been in many things that have been failures, and I have had many people come in because I was in it—I am not saying that egotistically at all—they had been failures, and I did not want anyone to come into anything that I was in, but I was willing to take a gamble, take a chance to lose. Further than that, there was a third reason; I did not want anybody at Ottawa to know in the Government—I never mentioned it to anybody, any member of the Government—that I was in the Beauharnois Power Syndicate—

*By Mr. White:*

Q. Not because you were afraid they would give you away?—A. No, not at all; it was none of their business; it was my private business. I had no reason to consult anybody about it at all.

Q. That is the situation, that you did pay for the shares in bonds?—A. I paid the \$30,000 in bonds through my attorney, and through my financial man in Montreal.

*By the Chairman:*

Q. Did you take any written agreement from Sifton at the time?—A. My lawyer did.

Q. Have you got that?—A. I know he has not got that.

Q. Why?—A. Well, he will have to explain that. Mr. Sifton, I know, didn't want—he told me at the time that his father was very incensed that he had anything to do with the Beauharnois company; that he did not want the Sifton name to appear in any way in any transaction on the St. Lawrence river; that he did not want his name to appear at any time, and he asked the lawyer, my lawyer, to hold the letter which he had given him until these shares were transferred through Moyer to either myself or my nominee, or in the event of anything happening him, to destroy the letter.

Q. The letter is destroyed is it?—A. I take it so, yes.

Q. You know it is?—A. I have been told so by my solicitor, yes.

*By Mr. White:*

Q. Why— —A. Carrying out instructions.

Q. Would he know the contents?—A. I presume he would know, generally.

Q. Is he at liberty to come here and tell us what the contents were?—

A. Yes, sir.

*By the Chairman:*

Q. He would not have a carbon copy in his office?—A. I cannot tell you that. My recollection of that is that Mr. Sifton wrote the letter in long hand himself, but I will be quite prepared to give the right to have Mr. Barnet come here and Mr. H. M. Banks, who is my financial man.

Mr. JACOBS: I would suggest it is a good time to adjourn.

The CHAIRMAN: It suits me.

Mr. STEWART: I should like to endorse it.

Mr. JACOBS: I should like to convene again at three o'clock.

Mr. CHAIRMAN: Mr. Jacobs, having resumed his role, assumed by me yesterday, moves adjournment of the committee till three o'clock.

## AFTERNOON SESSION

The Committee resumed at 3 o'clock.

Sir JOHN AIRD, recalled.

*By the Chairman:*

Q. I was wondering, Sir John, if I could ask you one question. You do not need to come up. Is it true that your bank together with the Bank of Montreal and the Royal Bank of Canada associated yourselves with the backers of this project, and underwrote their securities?—A. We were members of the syndicate, I believe. I was away at the time.

Q. Did those three banks underwrite the securities?—A. I do not think they underwrote them, but they were members of the syndicate that invested some money in them. I was absent at the time. I could not answer that without looking up the records.

Witness retired.

WILFRID LAURIER McDUGALD, recalled.

*By Mr. White:*

Q. In reference to the transfer of the 2,000 units or part shares to the Montreal Trust Company, with whom in that company did you make that deal?—A. One of the officials of the company.

Q. Who?—A. I cannot recall exactly who it was.

Q. The manager?—A. I presume it was.

Q. Who is the manager?—A. I think Donaldson is his name—Mr. Donaldson.

Q. Is he still manager?—A. I believe so.

Q. And was then?—A. I think so, yes.

Q. I suggest to you that you made the deal with the manager?—A. No, sir; I could not say that definitely.

The CHAIRMAN: Is this the million dollar deal?

Mr. WHITE: Yes.

*By Mr. White:*

Q. Are you suggesting to the committee that you made a deal involving one million dollars and you do not know whom you made it with?—A. Now, Mr. Chairman, is it necessary for me to tell whom those shares were sold to?

The CHAIRMAN: Yes.

*By Mr. White:*

Q. I want to get them here and find out all about them?—A. I cannot tell you who owns them.

Q. I am asking you to tell me who the man was that you made the deal with?—A. The arrangement in the deal was that either the accountant of the Royal Bank of Canada or the Montreal Trust Company arranged for the deposit of funds in the Royal Bank of Canada, and I gave a certified cheque on the Royal Bank of Canada to Mr. Dufresne and Mr. Simard for those shares.

Q. I am not asking you that at all. We will find all about it if you tell us the name of the man with whom you made the deal. Are you suggesting that you do not know?—A. No; but I do not know if this has any bearing on this investigation or not. I am not saying that I got any profit out of these shares at all; I did not.



Q. I am asking you for the man with whom in the Montreal Trust Company you made the deal, and I ask the committee to direct you to answer?—A. Well, I do not recall definitely who instructed me as to how the deal would be made, or where the shares were to go.

Q. I am not asking you that at all. I am asking you with whom in the Montreal Trust Company you made the arrangement?—A. Well, as a matter of fact, I did not make it directly with anybody.

Q. It just grew up like Topsy?—A. No, it was made by the one who bought the shares.

Q. Who was that?—A. Or who directed me to buy the shares.

Q. Who was that?—A. Well, his name was Godin.

Q. What is his first name?—A. I cannot tell you his first name.

Q. Is there any mystery about the thing?—A. Not any mystery except I do not know now where those shares are, or who owns them.

Q. I am not asking that at all. If you give me the name?—A. I have given you the name. You can find out through Mr. Godin.

Q. You tell me Mr. Godin. I suppose there are about two thousand Godins.

MR. JACOBS: Only one. His name has come up already.

WITNESS: He is now director of the Beauharnois Power Company.

*By Mr. White:*

Q. You say you made the deal with him?—A. Yes.

*By Mr. Lennox:*

Q. A deal with him to do what?—A. To take over those 2,000 part-interests that I had acquired by option on 31st July, 1929, from me.

Q. Did you have no direct communication with the company?—A. Not direct, no.

Q. You did not sell them to the company?—A. Not direct, no.

Q. You did not do that financing with the company?—A. They did do the financing; they financed me; they arranged for the credit in the Royal Bank of Canada.

*By Mr. White:*

Q. Because they had arranged with Mr. Godin to do that?—A. Possibly so.

Q. Well, is there any doubt about it?

*By Mr. Lennox:*

Q. He said he had arranged?—A. You suggested to me that that was financing and I said yes, it was financing; so, does it matter how it was financed, whether directly by me or somebody else; those shares were financed by the Montreal Trust Company through the Royal Bank of Canada, and I drew two certified cheques, one for \$500,000 payable to Dufresne—Oscar Dufresne—and one for \$500,000 payable to Simard—Joseph Simard.

*By Mr. White:*

Q. In view of your former statement on this very subject, do you wish to leave the matter as it now stands?—A. Quite so.

Q. All right, I am satisfied. Then you will recall that I read from your speech in the Senate on the 20th May, 1931, in which you said:—

I may add that I put into the syndicate dollar for dollar with every other member of it.

A. Yes.

Q. And you adhere to the correctness of that, do you?—A. Yes, sir.

Q. I have here a statement, Senator McDougald, of the amounts paid in by each member of that Beauharnois Syndicate, and I find that Mr. Blaiklock paid \$100 for his interest, 25 part-interests, as compared with the price you paid of \$37.50?—A. I never heard of Mr. Blaiklock.

Q. Never heard of him. Then I have the further statement that William M. Dobell paid \$100 a share for his; that Mr. Geoffrion paid \$100 for his, that is, he bought 200 for which he paid \$20,000; that Mr. Hugh B. Griffith paid \$100 for his; that Mr. Ivan Ibbotson paid \$100 for his; that Mr. F. S. Molson paid an average of \$45.71 for his 350 shares, and that your Sifton shares were \$37.50; that Thomas A. McGinnis paid \$100 for his; Henry A. Newman \$100; Newman-Sweezey & Co., Ltd., \$42.06; of which Mr. Frank P. Jones purchased from Newman-Sweezey 800 shares for \$30,000, or the same price as you paid; that the Robert heirs or William H. Robert paid \$100 for his 100 shares; that Dr. Adam Short paid \$100; that John Stadler paid \$100; William Sutherland \$100; R. W. Steele \$100; R. O. Sweezey 300 for \$30,000. He got 600 for nothing, at least I should not say for nothing but for his interest in the Syndicate and paid \$30,000 for 300 shares; and that Fred D. Kenny paid \$100 for 15 shares, that is, \$100 per share; or a total of \$261,000 for 5,000 shares. But inasmuch as Mr. Sweezey got 600 for his interest in the Syndicate the people who put in cash bought 4,400 shares for \$261,000, or an average per share of \$59.60.

Mr. MONTGOMERY: I think you omitted the Credit General.

Mr. WHITE: No, Credit General, \$37.50. Senator Raymond I said. If I omitted it, I put it in now. So that Senator Raymond and you and Mr. Jones obtained 2,400 shares of the 5,000 at \$37.50, and you were the only persons who obtained those shares at that price according to the books of the Syndicate. Now, in the face of that statement, do you wish to adhere to your statement in the Senate that you paid into the Syndicate dollar for dollar with every other member of it?—A. My statement in the Senate was made on the advice of Mr. Hugh Griffith, the secretary of the company.

Q. Who had himself paid \$100 for his shares?—A. He told me that I had paid the same as every other member of the Syndicate.

Q. You suggest Mr. Griffith stated that to you when he himself had paid \$100?—A. That is what he told me, that I was coming in on the same basis as the other members of the Syndicate.

Q. I see, that is what he said. But you made the statement in the Senate without going to the books of the Syndicate to find out whether your statement was correct or not?—A. Based on what Mr. Griffith had told me.

Q. And without going to the books?—A. Yes, without going to the books, because I knew nothing about the early stages of the Syndicate at all.

Q. And I think perhaps it would be correct to say that you were the last member of the Syndicate in point of time?—A. I cannot say that, sir.

Q. The reason I say that to you is that that first Syndicate was turned over, that is, the Beauharnois Syndicate was turned over to the Beauharnois Power Syndicate on the date upon which Mr. Clare Moyer subscribed for his shares?—A. Well, I knew nothing about the inner workings of the Syndicate. I had nothing to do with the management at all so that I cannot answer any questions on those points whatever. All I can say is that when I went in I was told I was coming in on the same basis as everybody else in the Syndicate, and Mr. Griffith afterwards confirmed that to me.

Q. Can you suggest any possible reason why Mr. Griffith should want to deceive you?—A. I would not suggest anything like that.

Q. Listen to the question, because you were getting in much more cheaply than a lot of others. I can understand why anyone should want to mislead you if you were paying more. But in view of the fact that you were paying much less— —A. I cannot explain that to you, sir.

Q. So you cannot explain that?—A. No, sir.

*By the Chairman:*

Q. I want to revert again to the deal with the Montreal Trust Company. There were 2,000 part-units involved altogether?—A. Yes, sir.

Q. 1,000 that went to Mr. Simard?—A. Yes, sir.

Q. And 1,000 to Oscar Dufresne?—A. Yes, sir.

Q. Now, who applied to the Syndicate for those?—A. I cannot tell that. I know nothing about the early history of that application at all.

Q. You say that you paid for them?—A. I did not say that.

Q. What did you say?—A. I said I got an option from Mr. Dufresne and Mr. Simard on the 31st of July, 1929, on which I put up \$100,000. The option was for three months and at the expiration of that period I took up those shares with two cheques, one for \$500,000 which went directly to Dufresne and one for \$500,000 which went directly to Simard, certified cheques by the Royal Bank of Canada.

Q. Did you get a transfer to yourself of the part-interest?—A. I cannot say that. I think the interests were transferred to me first and afterwards to the Montreal Trust Company; but I cannot swear as to that.

Mr. WHITE: The record shows that, Mr. Chairman.

*By the Chairman:*

Q. And when you paid for the part-interests were they paid up?—A. Yes, they were paid up.

Q. Now, the records of the Syndicate show that these shares were applied for by Hugh B. Griffith?—A. I know nothing about that, sir.

Q. And they were issued in Hugh B. Griffith's name, and that Hugh B. Griffith paid for them, and that—it does not say what time—Simard refunded his money to him. Do you know anything about that?—A. I don't know anything about that, sir.

Mr. FORSYTHE: Mr. Griffith points out that it was only Simard's shares that he applied for.

The CHAIRMAN: Well, we will confine the observations to Simard's shares. But it is clear that that is what happened with the Simard shares.

The WITNESS: If you will be interested, Mr. Chairman, I can show you the option that I got from Mr. Dufresne and the cheque that was paid to him. Now, if I may say so again the only reason I remember—and I state it definitely here—was that I took on the application for \$1,000,000. If the shares had not been taken over as they were I would have had to pay \$1,000,000 for the shares and would have had to keep them.

Q. Did not you have any contract with Simard and Dufresne?—A. I had an option from them on which I paid them each \$50,000 for the option. I put up \$50,000 of Victory Bonds to each one on the option. If I did not take up the option my \$50,000 would have been taken by them, and if I wanted to take over the shares I would have had to pay for them or lose the money.

Q. When you took up the option who did you turn the shares over to?—A. I was instructed by Mr. Godin, who is now a director of the Beauharnois Company, to turn them over to the Montreal Trust Company.

Q. And as far as you know they have got them yet?—A. I do not know where they are, sir.

*By Mr. Stewart:*

Q. That option was the 31st July, 1928?—A. 1929, sir.

Q. 1929?—A. 1929.



*By Mr. White:*

Q. Did you see anybody in the Montreal Trust Company in connection with this transaction?—A. I think I did at the time.

Q. Who?—A. I am not positive about that but I think I went in and saw one of the officials.

Q. Who?—A. I cannot tell you. It was simply in connection with depositing the money in the Royal Bank, which was done. I wanted to know how it should be done and I had a certified cheque for the two amounts, which I can produce.

Q. Then the agreement, Exhibit 75, between the Sterling company and the Beauharnois Power Syndicate, provided that the units or part-interests were payable and the shares of the Sterling company transferable only if the Dominion authorities approved of the plans and so on, on or before the 29th day of February, 1929?—A. So I understand. You brought that point out yesterday.

Q. Yes. Now, I see by the Minutes of the Syndicate Managers of the Beauharnois Power Syndicate, at which Mr. J. P. Ebbs was present, on the 21st of March, 1929, Mr. Ebbs being your representative there?—A. Yes.

Q. This resolution:

On motion duly seconded it was unanimously resolved that the officers of this Syndicate be and they are hereby authorized to execute an Agreement with John P. Ebbs, confirming a verbal arrangement made by them on February 15th, 1929, with the said Ebbs, extending the date within which the Syndicate might secure the capital shares of the Sterling Industrial Corporation Limited to April 30th, 1929.

Did you on February 15th instruct Mr. Ebbs to extend the time?—A. I cannot recall that at all. And going back to your question of yesterday as to whether I instructed him—

Q. Let us stick to to-day?—A. But yesterday you intimated that I had given him instructions. I left for Europe on the 3rd of October of that year and was away until some time near Christmas.

Q. On whose business?—A. Partly on my own and partly on Beauharnois business.

Q. What did you do over there for Beauharnois on that trip?—A. Well, on the trip over, the British Parliamentary Association were going over. They had been on a tour through Canada, and I went over with Senator Haydon. He was along with me, and the idea was to see what enthusiasm we could stir up for industries coming here to Canada.

Q. And Beauharnois paid your expenses?—A. Part of the bill, yes.

Q. Were you here on the 15th of February, 1929?—A. I don't believe that I was.

Q. I mean in Canada?—A. No, I don't think that I was.

Q. At that time you were not?—A. I cannot swear that, but, just from memory my son, went to the Royal Military College in England in that year, and I fancy I went over with him early in February because he entered the college on the 1st of February.

Q. Were you here in March?—A. No, I would not have been here in March.

Q. At any rate, it was agreeable to you that the time should be extended?—A. I do not know that I ever gave it any consideration at all.

Q. Have you any objection now?—A. Not a bit.

Q. None now, all right. Then we are told that you were elected,—the first office you had according to the record which I read to you yesterday, that is, elected to an office in connection with this Beauharnois matter, was on the 17th December, 1929?—A. I think that would be about correct.

Q. And that office was as a manager, or at least a holder of one or more Management Preferred shares?—A. Yes.

Q. Which gave the right to the election of directors?—A. Yes.

Q. And, therefore, the right to dictate the policy of the company?—A. In so far as the appointing of directors was concerned.

Q. I mean electing directors who would conform to the policy laid down by those holding the voting power?—A. Quite.

Q. Now, did you do any work for the Syndicate, or for any of the Beauharnois companies before that date, that is, the 17th of December, 1929?—A. I might have, yes.

Q. Well, did you?—A. I cannot say definitely that I did.

Q. Did you do work in connection with this matter as early as 1927?—A. No, sir. I knew nothing about the project in 1927.

Q. You say you knew nothing about it in 1927. Then you would not know that Mr. Aime Geoffrion or his firm Geoffrion & Prud'homme were acting for the Syndicate?—A. I knew nothing about it at the time.

Q. Absolutely nothing?—A. Absolutely nothing.

Q. And, of course, never consulted with Mr. Geoffrion or Mr. Prud'homme who were members of that firm on the affairs of the Syndicate?—A. Never to my knowledge.

The CHAIRMAN: What year was that?

Hon. Mr. MACKENZIE: December, 1927.

*By Mr. White:*

Q. As early as December 17, 1927, two years before you were elected to office. Do you say you did not have a consultation with Mr. Geoffrion on that date?—A. About this Beauharnois project?

Q. Yes?—A. I say definitely that I had not.

Q. I show you a bill rendered to the Beauharnois Power Syndicate by Geoffrion and Prud'homme, avocats, dated August 16, 1928.

The CHAIRMAN: What is the date?

Mr. WHITE: July 26, 1927.

Q. Under date December 17, 1927, I see this item:—

Interview with Senator McDougald.

What do you say now?—A. I say I never arranged any interview with Mr. Aime Geoffrion.

Q. I did not ask you whether you arranged an interview.—A. Geoffrion was counsel for the Montreal Harbour Board. I cannot recall anything at all that I would be talking to Geoffrion about with reference to the Beauharnois Syndicate. I knew nothing about the Beauharnois Syndicate.

Q. I see under date December 10th this entry appears:—

Attendance at the Government Office and interview with the Hon.

Mr. Taschereau; telephone to the Hon. Mr. Taschereau; interview with the Hon. Mr. Mitchell and the Hon. Mr. Raymond,

and a week after, on the 17th December:—

Interview with Senator McDougald.

A. I can recall no interview with Mr. Geoffrion.

Q. Are you denying that you had an interview with Geoffrion?—A. I do not deny it, but I do not recall it.

The CHAIRMAN: He denied it a little while ago.

Mr. JACOBS: It may have been a casual meeting at the club.

Mr. WHITE: Surely Mr. Jacobs is not suggesting that a bill would be rendered because of a casual meeting at the club? I am surprised!

Q. Then I see under date January 9, 1928:—

Telephone to Mr. Heward instructing him to give notices for the Bill.

Interview with Mr. Sweezy; interview with Mr. Griffith; telephone to the Hon. Mr. Mitchell; telephone to Mr. Griffith; telephone to the Hon. Mr. McDougald; interview with the Hon. Mr. Mitchell; telegram to Chateau Frontenac?

A. Mr. Aime Geoffrion may have been talking to me, but I do not recall it.

Q. Talking to you on the business of the Beauharnois Syndicate?—A. That was not my business, because I knew nothing about it then.

Q. Do you suggest that Mr. Geoffrion was charging the Beauharnois Syndicate for telephoning to you on business that was not the Beauharnois Syndicate's business?—A. It may have been the Beauharnois Syndicate's business, but it was not my business.

Q. Then five days afterwards, on the 14th January, 1928, this entry appears:—

Interview with Mr. Heward; communicating by telephone with the Hon. Mr. Mitchell; communicating by telephone with the Hon. Mr. McDougald; communicating by telephone with the Hon. Mr. Taschereau; further communicating by telephone with the Hon. Mr. McDougald.

You notice the meat in that sandwich?—A. I know there has been a lot of telephoning, but I can recall nothing, and I was not interested in Beauharnois at that time.

Q. Can you suggest any reason why this entry should read in part:—

. . . communicating by telephone with the Hon. Mr. Mitchell; communicating by telephone with the Hon. Mr. McDougald; communicating by telephone with the Hon. Mr. Taschereau; further communicating by telephone with the Hon. Mr. McDougald.

all in the same day?—A. I could not say what they are for.

Mr. LENNOX: Charged to the Beauharnois Syndicate?

Mr. WHITE: Charged to the Beauharnois Power Syndicate.

Q. What do you say?—A. I would not even venture to say what they were for.

Q. You know Mr. Geoffrion?—A. Yes.

*By the Chairman:*

Q. And you know that Mr. Geoffrion is very highly regarded in the legal profession?—A. I am not contradicting that. I only say I was not interested in the Beauharnois Power Syndicate in 1927. Whether Mr. Geoffrion called me in order to obtain some information he wanted in connection with some work being done at Ottawa here—I think that was at the time of the sitting of the National Advisory Board—I do not know.

*By the Chairman:*

Q. This is a bill which Mr. Geoffrion rendered to the Beauharnois Power Company for work done in the years 1927 and 1928?—A. I know it is.

*By Mr. White:*

Q. The 14th January, 1928, was after the National Advisory Committee had reported?—A. I am only suggesting that Mr. Geoffrion may have called me to get some information he wanted.

Q. And I am pointing out that your suggestion is not of much value because it was after the committee had reported?—(No answer).



*By the Chairman:*

Q. Can you think of any other reason why Mr. Geoffrion should telephone you?—A. No.

*By Mr. White:*

Q. Did you telephone to Mr. Geoffrion on the 13th February, 1928?—A. I cannot recall it.

Q. Under that date I find this entry:—

Telephone from Mr. McMichael; telephone from Mr. McDougald.  
Telephone from Mr. Griffith; interview with him; telephone from Mr. Heward?

A. I could not say.

*By the Chairman:*

Q. In that instance you are telephoning Mr. Geoffrion?—A. I could not say.

*By Mr. White:*

Q. But he charged this to Beauharnois?—A. I know nothing about his charges.

Mr. JACOBS: I notice that all the so-called interviews were conducted by telephone.

Mr. WHITE: No, the first one was in person.

Q. Then on the 17th April, 1928, this charge is made:—

Letter received from Mr. Cannon enclosing his bill; examining and approving same; letter to Mr. Griffith enclosing same; interview with Mr. Bergevin; interview with Messrs. Sweezy and Griffith; telephone from Senator Raymond; interview with Mr. McDougald.

Mr. LENNOX: What is the date?

Mr. WHITE: April 17, 1928, two days before the speech in the Senate.

The WITNESS: I cannot recall what that might be.

*By Mr. White:*

Q. Can you suggest any reason why Mr. Geoffrion or his firm should be charging the Beauharnois Power Syndicate for interviews with you that were not on the business of the Syndicate?—A. Around that period the only thing I can suggest is that Mr. Bergevin was around to see me on many occasions. He came to the Harbour Board at one time with his cousin, the late Mr. D'Aoust, who was a member of the Board, and he had a package of plans with him and wanted me to look into that section of the river. I think the first time was when I was on the National Advisory Board. That is the only thing I can think of about which I was asking Mr. Geoffrion.

Q. I suggest to you that your interviews with Bergevin were in 1923 and 1924?—A. I can suggest to you that Bergevin was in my office not later than two weeks ago, and has been in and out very often since the first time I met him.

Mr. JACOBS: Tell us the amounts charged for these various interviews.

Mr. WHITE: There are no amounts. It is one of those nice bills with a lump sum at the end of it.

Q. Then on the 30th April, 1928, there is this charge:—

Interview with Messrs. Griffith, Sifton and Senator McDougald.

Could you tell us whether on that date or thereabouts you had a conference with Geoffrion, Sifton and Griffith?—A. I cannot recall it.

Q. I suppose it could not possibly have been anything to do with the Beauharnois Power Syndicate?—A. Not so far as I was concerned.

*By the Chairman:*

Q. Again I suggest to you, and I think the rest of the committee will probably agree in the main, that it is inconceivable that Mr. Geoffrion would render a bill of that character to the Beauharnois Power Syndicate and get paid for it, and set out these telephone communications and interviews in such detail without such interviews and telephone communications having happened?

—A. I am not questioning that. Perhaps Mr. Geoffrion spoke to me on many occasions—Mr. Jones did, and different people did—about the Beauharnois Company, as to how it was progressing, and what chances there were of it going through.

Q. In this last interview you were sitting in at a conference with Griffith and Sifton?—(No answer).

Hon. Mr. MACKENZIE: What is the date of the last one?

Mr. WHITE: April 30, 1928.

The WITNESS: It may have been in connection with that. People were asking me all the time about what I thought the chances were of it getting through.

*By the Chairman:*

Q. People asking you is a vastly different thing from an interview with the counsel for the Beauharnois Power Syndicate reflected in a legal bill rendered to the Beauharnois Power Syndicate by that counsel, which bill was paid. If we must rely on inferences, the inference there is entirely too strong and too cogent to be ignored.—A. I was always interested in seeing some development there that would help the deepening of the St. Lawrence waterways. I had publicly stated at the time, not only when the Beauharnois was under way but everywhere, that I thought the Beauharnois development was the wedge in the St. Lawrence deepening, and prior to that the Province of Quebec had taken a stand absolutely against the deepening of the St. Lawrence; Mr. Taschereau at Quebec had taken a stand against it, and every newspaper in the city of Montreal was against it.

Q. That does not help us?—A. I think so, because if I had interviews with him I think it was along the lines of propaganda which I did for the St. Lawrence waterways at the time.

*By Mr. Jacobs:*

Q. Can you locate yourself in Mr. Geoffrion's office on these dates which have been mentioned?—A. I cannot recall them.

*By Mr. White:*

Q. The scene shifts to Ottawa now. Under date May 14, 1928, there is this entry:—

While in Ottawa, interviews with Senator McDougald and Mr. Sifton.

Do you recall those interviews?—A. No, I cannot recall.

Mr. LENNOX: That is four days before he bought the Sifton shares?

Mr. WHITE: Yes.

The WITNESS: For some time Sifton had been trying to get me to come into the Beauharnois Company, and he was trying to impress me with the importance of it and the bigness of it.

*By the Chairman:*

Q. You knew of the importance of it from Henry in 1923?—A. I did not know the soundness of the group which was trying to put it through, and I was concerned with that.

*By Mr. White:*

Q. Then on the 23rd May, 1928, five days after your speech, there is this entry:—

While in Ottawa interviews with Senators McDougald, Raymond, etc.

Hon. Mr. MACKENZIE: What does that mean?

Mr. WHITE: "Et cetera;" it does not say "et al."

Hon. Mr. MACKENZIE: There is no mystery about it, is there?

Mr. WHITE: I just wondered if it had any significance.

Q. Do you remember that?—A. No, I have no recollection of it. I am not denying any of those interviews.

*By the Chairman:*

Q. The first question Mr. White asked you before this bill was produced was answered by you to the effect that nothing of this kind ever happened?—A. No. I said I did not recall that they had happened, and had no reason for thinking they had happened; and I said, and say again, that it was not by virtue of any relations which I had with Beauharnois that they took place. I would not say that they did not ask me to help them or ask me what was going on. Mr. Geoffrion might have come to me and tried to find out if I knew anything about the progress made; I would not suggest that he would not do that, because it was done by many others. He may have been sent by the Beauharnois Company to see what I knew about it or could tell him about that. I do not know that. I am not suggesting that Mr. Geoffrion would make any charges unless he had some authority for doing so, but I do suggest that I was not in the Beauharnois Company and that it was not for my personal reasons that he was coming to me in that connection.

*By Mr. White:*

Q. We can get down to something definite now. Under date May 24, 1928:—

Mr. Foster; making copy of same and letter to Mr. Taschereau transmitting same. Interview and consultation with Messrs. Holden, Mitchell and Griffith; long letter to Senator McDougald.

Perhaps you will let us have the letter?—A. I do not recall any such letter.

Q. Do you deny receiving it?—A. I cannot recall any letter that Geoffrion ever wrote to me about the Beauharnois Company.

Mr. WHITE: Perhaps Mr. Griffith would ask Mr. Geoffrion to send us a copy of that letter?

Mr. GRIFFITH: Mr. Geoffrion is away.

Mr. WHITE: Then ask Mr. Prud'homme, Mr. Geoffrion's partner, to send it.

The WITNESS: Does it say the letter was addressed to me?

*By Mr. White:*

Q. Yes, it says:

. . . . long letter to Senator McDougald.

A. I can recall no such letter. I can go through my files and see if there is any such letter, but I have no recollection of it.

Q. Then did you have interviews with Colonel A. T. Thompson in connection with Beauharnois matters?

Mr. STARR: If you are through with that file I would like to look at it.

Mr. WHITE: I will file it as Exhibit No. 114.



## EXHIBIT No. 114

Marquette Investment Corporation, cheque No. 115 dated September 5, 1928, in favour of Messrs. Geoffrion and Prud'homme for \$5,857.04, signed by Hugh B. Griffith.

Messrs. Geoffrion and Prud'homme's account rendered to the Beauharnois Power Syndicate for work done during the years 1927 and 1928, dated Montreal, August 16, (12 pages).

Carbon copy of voucher No. 155, dated September 5, 1928, re payment of \$5,857.04 to Messrs. Geoffrion and Prud'homme.

*By Mr. White:*

Q. I have here a bill of Thompson, Cote, Burgess and Thompson, dated July 24, 1928 (*Exhibit No. 115*), rendered to the Beauharnois Light, Heat and Power Company, the first item of which is October 27, 1927, and I find under date of March 15, 1928, this entry, "Important interview with Senator M." I suggest that you are the Senator M. referred to?—A. I cannot say.

Q. You cannot say that?—A. Yes, sir.

Mr. WHITE: Is Col. Thompson in the room?

Col. THOMPSON: Yes.

Mr. WHITE: Who is referred to in this memorandum, by the letter "M"?

Col. THOMPSON: I do not know, Mr. White. Will you give me the date again, Mr. White?

Mr. WHITE: March 15, 1928.

Col. THOMPSON: March 15, 1928?

Mr. WHITE: It says:

Important interview with Senator M.

Col. THOMPSON: Yes.

Mr. WHITE: Who is Senator M?

Col. THOMPSON: I do not know, Mr. White. There are many Senator M's. You get me a list of the Senate and it may occur to me who it is, but frankly, I do not remember. That is a long time ago.

Mr. WHITE: Are you able to tell us whether you had interviews with Senator M?

Col. THOMPSON: I cannot say as to that, but I think it is entirely probable that I did, and there is no disgrace in that, that I can see, Mr. White. I am not ashamed of it.

Mr. WHITE: I do not know why you should have found it necessary to volunteer that.

Col. THOMPSON: I do not know, I seem to be accused of this thing.

Mr. WHITE: Qui s'excuse s'accuse.

Col. THOMPSON: Not at all, you are the gentleman who is doing the s'accuse, and I am doing the s'excuse.

Mr. WHITE: I thought we would get some sex into this before we finished. There is a similar entry on the first of March, 1928.

Important interview with Senator M.

Col. THOMPSON: Yes, exactly.

Mr. WHITE: Two interviews in March, 1928.

Col. THOMPSON: Yes.

Mr. WHITE: Now, I assume that your docket entry will have the name in full?

Col. THOMPSON: I do not think so, Mr. White. This is an exact copy.

Mr. WHITE: Will you be good enough to bring your docket here, Col. Thompson?

Col. THOMPSON: Certainly.

*By Mr. White:*

Q. I suggest to you, Senator McDougald, that these interviews were with you, what do you say about that?—A. All I can say is this; I think clever lawyers like yourself, if employed by the Beauharnois company, that you might have interviews with me if you thought that I could be of any service to the company.

Mr. LENNOX: I should like to ask Col. Thompson a question. Why was not the name of the Senator put in the bill instead of just the initial?

Mr. JACOBS: Economy.

Mr. LENNOX: Is there any reason that you recall?

Col. THOMPSON: I do not recall any reason at all.

Mr. LENNOX: It seems a peculiar way to put an entry.

Mr. JACOBS: How many interviews of that kind with Senator M. are in the statement?

Mr. WHITE: Two in March, 1928.

Mr. JACOBS: Two?

Mr. WHITE: Yes.

Mr. JACOBS: They extended over a period of how long?

Mr. WHITE: The bill?

Mr. JACOBS: Yes.

Mr. WHITE: It started on the 27th October, 1927, and ended on the 8th June, 1928.

The CHAIRMAN: How much was the bill?

Mr. WHITE: We had all that before, sir, \$3,000.

I wonder, Col. Thompson, if you would telephone your office and have them send the docket up here?

Col. THOMPSON: Yes. It was in 1928, Mr. White?

Mr. WHITE: March, 1928.

Mr. LENNOX: Would the Beauharnois people, to whom you rendered your bill, and by whom it was paid, know who Senator M. was by using the initial?

Col. THOMPSON: How do I know?

Mr. LENNOX: Is there any reason for concealing from them who the Senator referred to was?

Col. THOMPSON: None whatever. I have carried on a great many years here, and it is not altogether, perhaps, the usual thing in rendering a bill to mention the names of people with whom you have had interviews. That is the only reason. There was no reason for concealing it at all.

Mr. WHITE: I see that Col. Thompson has been consistent about it, because in the other items of the bill there are interviews with Hon. Mr. R. whoever that was.

Col. THOMPSON: There was no reason. You will find I gave names.

Mr. WHITE:

Interview with Mr. M. P. leading western member.

Morning—very important and lengthy interview with Mr. D. M.P.

Afternoon—Work at Commons.

Mr. JACOBS: Is there one with Mr. J., M.P.?

Mr. WHITE: It carries on throughout, "Mr. C., M.P., and so on.

Col. THOMPSON: Shall I get the book?

Mr. WHITE: I thought perhaps you would telephone.

Col. THOMPSON: I thought that you had other questions to ask.

Mr. WHITE: Not at present.

*By Mr. White:*

Q. I see by this account that Col. Thompson also attended the Senate committee?—A. I used to see him there quite often.

Q. Is it a fact that at that Senate committee you had a map or model of the Beauharnois project?—A. I did not have the map, but there was a map there, but I did not have it there.

Q. Who brought it there?—A. I cannot tell you that, sir.

Q. Mr. Sweezy?—A. I cannot tell you that.

Q. Did he bring it there by arrangement with you?—A. No, sir.

Q. But it was there?—A. I saw it there, yes, everybody saw it there.

Q. Then, I suggest to you that you were further active in this matter before May, 1928, and I read to you a letter addressed by Winfield B. Sifton, to Dear Hugh. . . . that is my dear friend over yonder, I take it. April 28, 1928:

I have just paid \$43.65 as arranged for copy of typed testimony before United States Senate committee, copy handed by me to Senator McDougald. I will be pleased to receive cheque in reimbursement.

If you were not interested in the Beauharnois company, can you tell me why they should be paying for a copy of the United States Senate committee's testimony, testimony before the United States Senate committee for you?—A. My only interest in the Senate committee was to bring out the reasons why the St. Lawrence development should go on; I was looking for information and data from every corner where I could get it.

Q. Why should the Beauharnois company pay?—A. I do not know that.

Q. —for the copy of the testimony before the Senate Committee for Senator McDougald?—A. I have never asked for it. They perhaps volunteered me the information and gave me the information, but I did not ask for it.

Q. You accepted it?—A. I was looking—

Q. You accepted it?—A. No doubt about it, they offered it to me.

*By the Chairman:*

Q. You remember getting it?—A. No, sir I cannot remember a thing about it.

Q. Do you think there is a possibility you might have gotten it?—I was getting information from all quarters at the time.

Q. I am not asking you that.—A. There would be the possibility.

Q. You seem to have an uncanny habit of not answering questions.—A. There would be the possibility, yes, because I was getting information from all quarters at the time. My sole interest was to bring forward evidence that would show that the St. Lawrence Waterway was practical and feasible, and that it should be started at once. The Beauharnois connection is that they had their rights from the province of Quebec and that was removing one of the obstacles in the opposition from the province of Quebec. I will frankly state here when that was granted by the Taschereau government I could see that it was at once relieving the opposition that came from that quarter up to that time, because if Mr. Taschereau had agreed to a power canal in which the Government here at Ottawa would agree to a transportation canal, it was



at once establishing the building of a unit of the St. Lawrence waterways system, and that was my interest, and that was the reason I was looking for all the evidence I could get before this Senate committee.

Q. There is no doubt that Mr. Griffith was interested in the Beauharnois project?—A. Yes.

Q. As such?—A. Yes.

*By the Chairman:*

Q. Did you know that Mr. Griffith was interested in the Beauharnois project?—A. Yes.

Q. As such?—A. Yes.

Q. And did you know that Mr. Sifton was?—A. Yes.

Q. As such?—A. Yes.

Q. Did you know that they knew you were on the committee?—A. I was on the Senate Committee then—the other committee, Mr. Chairman.

Q. Why in the world would they take Beauharnois money and pay for the minutes before the United States Committee and hand it to you rather than anybody else on the committee?—A. Because I was the one who was putting up the fight for the St. Lawrence waterway in the Senate—in the Province of Quebec.

Q. They were interested in the Beauharnois project?—A. If the Beauharnois project went through, I suppose they thought it would help them, or if the St. Lawrence Waterways scheme came through.

Mr. JACOBS: Mr. Chairman, you remember that they paid for the attendance of counsel something like \$5,000 before that committee, so they were not—

Mr. WHITE: Dominion Securities did.

Mr. JACOBS: And they got it from Beauharnois subsequently.

*By Mr. Lennox:*

Q. You would expect solicitors to be paid, but not Senators?—A. Nobody suggested that they pay me. I never got a dollar from them.

Q. They paid for that report?—A. I would have no knowledge of that.

Mr. JACOBS: Mr. Sifton said he obtained that from the United States Senate Committee in Washington, and he turned it over to Senator McDougald.

*By Mr. Lennox:*

Q. The Beauharnois Company paid for it?—A. I have no reason to know that.

*By Mr. White:*

Q. I think you told us some time ago, or intimated, that you were instrumental in having Professor W. Goforth of McGill University give his testimony?—A. I do not think I ever mentioned his name.

Q. He did give his testimony?—A. I never mentioned his name to you.

Q. Well, I am dreaming then. He did give his testimony?—A. Yes, I remember well.

Q. And I ask you if that was at your suggestion?—A. No, it was not at my suggestion.

Q. At whose suggestion?—A. I do not remember that.

Q. Did you not—did you meet him before he gave his testimony?—A. I think it is quite possible, I had a chat with him; yes.

Q. Did you arrange what questions were to be asked of him?—A. No, sir.

Q. And would you be surprised to know that he had been paid hotel bills in Ottawa by Mr. Sifton?—A. I would not be surprised.

Q. Do you say you do not know anything about it?—A. I knew that he was going to give testimony; but he was supposed to be an expert in political economy.

Q. I have here a letter from Mr. Sifton dated May 19, 1928—something about hotel bills and so on—and incidentally,

“plus Professor Goforth’s hotel bill in Ottawa, two trips?”

A. I would not know anything about that.

Q. You would not know anything about that?—A. No, sir.

(Accounts from Mr. Sifton dated April 28, 1928 and May 19, 1928, filed, marked Exhibit 116).

Q. Was this copy of the typed testimony before the United States Senate Committee sent to you at all by reason of the attempt which Mr. Sifton—which was being made to put these shares over on to you?—A. He never suggested anything of the kind. I do not recall anything of the kind.

Q. It was not in connection with that; you are satisfied with that?—A. I could not say, because I do not remember everything that happened in those days.

MR. STARR: That report will be in connection with the International section—that report of the Senate.

*By Mr. White:*

Q. Did you have anything to do with the appointment of Mr. Henry as Deputy Minister of Railways and Canals?—A. No, on the contrary I advised Mr. Henry not to go into the Department of Railways and Canals as Deputy Minister. I was in Europe when he went on as Deputy Minister. I saw it for the first time in the papers in England, and I called up long distance telephone to find out if it was true, because I was the most surprised man in the country when I found he had gone on as Deputy Minister.

Q. I wonder how many words it took to answer that simple question?—A. Through fairness to Mr. Henry, I think I am entitled to make that statement.

Q. A simple denial would have been quite satisfactory.

*By Mr. Jacobs:*

Q. You telephoned from England?—A. Yes. I was so surprised when I saw the report in the newspaper in England that I telephoned, because my understanding with Mr. Henry before I left Canada was that he would take up his duties with the Beauharnois company, with Mr. Swezey and myself, just as soon as he could make arrangements to get away from the National Railway.

*By Mr. White:*

Q. When was that made?—A. When was what made?

Q. That arrangement?—A. I say it was a verbal arrangement.

Q. I do not care whether it was verbal; when was it made?—A. I cannot give you the exact date.

Q. I am not asking you for the exact date; but I think you know it. When was it made, about?—A. I know definitely I was in England. I do not remember the time.

Q. I am not asking you that. I am asking when you arranged with him and Mr. Swezey that he would go to the Beauharnois as soon as he could get away from the Canadian National Railways?

MR. JACOBS: I suggest just before he went into the department.

THE WITNESS: We had many discussions about when and why—

*By Mr. White:*

Q. When was that arrangement made?—A. No definite arrangement.

Q. You said a moment ago there was an arrangement with you and Mr. Swezey that he would go in with the Beauharnois as soon as he could get away from the Canadian National Railways: is that correct?—A. That is substantially correct; yes.

Q. I am quoting your own words, when was that arrangement made?—A. I cannot fix any date.

Q. About when?—A. It would be in 1929—some time in 1929.

Q. That gives you lots of leeway?—A. I am not looking for leeway.

Q. It gives you lots whether you are looking for it or not?—A. I cannot carry all kinds of dates in my head for five or six years.

Q. You did go to England anyway?—A. Yes, every year.

Q. And you told us, I think, that you went in February?—A. In February.

Q. Was it made before you went to England?—A. I arrived there—to be there on the 1st of February. The date is fixed in my mind because my son entered Camberley College, and had to be there for the 1st of February—had to be there some time before that.

*By the Chairman:*

Q. If you cannot remember, it is not unusual that a man cannot remember the day and date for a verbal agreement?—A. But it is brought to my mind because of the fact that I went over there with my son.

Q. Can you remember the season of the year that the agreement was made?—A. There was no definite agreement. That is not exactly correct.

Q. Let me be meticulously correct. Can you remember the season of the year when that arrangement was made between Mr. Henry, Mr. Swezey and yourself?—A. There was no definite arrangement.

Q. Will you tell me the season of the year the indefinite arrangement was made?—A. It would have been in January, some time before I left for England.

Mr. WHITE: Thank you, Mr. Chairman.

*By the Chairman:*

Q. I presume, Senator, you knew, prior to the first of February, 1929, that overtures were being made to Mr. Henry to take the position of deputy minister of Railways and Canals?—A. No, sir—I did know before I left for England.

Q. That is prior to February 1, 1929?—A. I cannot fix the time.

Q. It would be before you left for England?—A. Yes, before I left for England.

Q. Do you remember who was making the overture to Mr. Henry?—A. From memory, I think he told me that Mr. Dunning asked him to go in.

Q. And you advised against it, did you?—A. Yes, sir..

Q. Why did you advise against it?—A. For possibly a very selfish reason. I thought he would be, as far as I was concerned, better in the Beauharnois company than in the Department of Railways and Canals. I was afraid if he got in there, he would not leave the service.

Mr. JACOBS: It is a way Civil Servants have.

WITNESS: Yes.

*By Mr. White:*

Q. Of course, if he had not been an excessively honest man, he would have been very useful there?—A. I never thought so. I knew of nothing at the time that he could be useful for.

Q. You had applications pending before that department?—A. I do not think so. Not that I have knowledge of.



The CHAIRMAN: P.C. 422 was not passed on the 8th of March that year. You must remember that.

WITNESS: It was not before that department. I do not recall all those details. I know I advised him not to go in. I do not believe Major Bell was dead at the time. If anyone can fix the date of Major Bell's death, I can tell you more definitely.

Hon. Mr. MACKENZIE: Major Bell died January 13, 1929.

WITNESS: 1929. Then I was away at the time. I must have been away at the time, because I was in England—I arrived in England on the 1st of February of that year, as I say, to put my son in Camberley Military College.

*By Mr. White:*

Q. How in the world could there have been a discussion about Mr. Henry going to the Department of Railways and Canals before Major Bell died?—A. Because Major Bell had been very ill, and there were many discussions about who would take his place in the Department of Railways and Canals. Mr. Henry's name was one of the most frequently mentioned.

Q. We may take it that it was before the 13th of January, 1929?—A. I would say so, yes.

Q. Then, you did some travelling for the Beauharnois Company, did you?—A. I again looked some people up in England in that year.

Q. In what year?—A. In 1929 when I was over there, in connection with the possibilities.

Q. Did you do any travelling from the 1st of January, 1929?—A. From the 1st of January? It was around the first of January that I went over there.

Q. And is this the cheque they paid? Look at the voucher I suggest?—A. I suppose it is, yes.

Q. The cheque is dated November 8, 1929, and the voucher is dated the same date. The cheque is payable to you and endorsed by you?—A. Yes, sir.

Q. For \$5,000?—A. Yes, sir.

Q. And it is dated November 7, 1929, with invoice number, amount \$5,000, travelling expenses from January 1, 1929, to date and then "on account", the words are written in?—A. That is correct, I received that cheque.

(Cheque for expenses of Senator McDougald dated November 7, 1929, with voucher; filed, marked Exhibit 117).

Q. Then, is it not a fact that you put in a further voucher on November 22, 1929?—A. If it was there, I put it in.

Q. Expense of trip to Europe, trips to Ottawa, hotel, etc., \$2,500?—A. If it is there I put it in.

Q. Will you tell me why Beauharnois company should be paying your expenses to Ottawa, and what business you did here for them?—A. I could not tell you any definite business I did here.

Q. Tell me any business?—A. I could not tell you any business at all that I did.

Q. Did you come to Ottawa for them?—A. I might have.

Q. Did you?—A. I expect I did.

Q. You were paid for it?—A. Yes, I came here.

Mr. JACOBS: What dates are covered in that voucher?

Mr. WHITE: The item is of November 22, 1929.

Mr. LENNOX: What is the date of the other one?

*By the Chairman:*

Q. Your recollection, Senator, is not clear as to the business you were on in Ottawa?—A. No.

Mr. WHITE: The other date is November 7, 1929.

The CHAIRMAN: Those are the cheques of the power syndicate, are they?

Mr. WHITE: That cheque is the Beauharnois Power Corporation, Limited. The cheque was for \$3,352.32.

Mr. LENNOX: Read the voucher again.

Mr. WHITE: November 22, 1929. It is "Beauharnois Light, Heat & Power Co., Ltd., debtor to Honourable W. L. McDougald, 1929, November 22, expenses of trip to Europe, trips to Ottawa, hotels, etc., \$2,500."

*By Mr. Lennox:*

Q. When did you return from Europe, Senator?—A. In 1929, I think in the month of May. I am not definite about that but I think it was in May.

Q. So that really you got \$8,300 for your expenses?—A. Well, whatever I was paid, I got.

Q. Well, outside of the expenses that they may have paid you for going to Ottawa. What did you go over for, intending to do business for them?—A. Partly, yes.

Q. What did the business consist of?—A. Just interviewing people, trying to find out what could be done in the way of getting industries into the Beauharnois district.

*By Mr. White:*

Q. And whom did you see in Ottawa?—A. I saw lots of people in Ottawa, but nobody specially in particular that I could recall.

Q. Whom did you interview in Ottawa?—A. I never interviewed anybody specially.

Q. And what did they pay your expenses here for if you were not interviewing somebody? Did you come here to look at the Parliament Buildings?—A. I suppose so. I never rendered any accounts for specific services that I had rendered.

Q. No, but I want to know why they were paying your expenses here.

Mr. LENNOX The Senator's expenses would only be his hotel bill because he had free transportation.

Mr. WHITE: I cannot conceive why they paid his expenses for coming up here. Was it to listen to the chimes?

Mr. JACOBS: Or to the debates?

Mr. WHITE: No, not even that.

*By Mr. White:*

Q. Can you suggest anything that you did in Ottawa which would justify you putting in an expense account to the Beauharnois Power Corporation?—A. No, I cannot suggest anything definite.

Q. I see. Now, are we to take it that notwithstanding the fact, as established by this voucher, that the Beauharnois Power Corporation paid your expenses to Ottawa, you did not interview anybody on their behalf?—A. I cannot recall anybody that I interviewed specially.

Q. No, but will you go so far as to say that you did not interview anybody on their behalf?—A. No, I would not go so far as that.

Q. I see. Then we may take it that you may have?—A. I might have, yes.

Q. Interviewed somebody on their behalf?—A. Yes.

*By Mr. Lennox:*

Q. Would you be entitled to your expenses if you did not?—A. Well, I don't know. That would be a matter for them to say.

*By Mr. White:*

Q. No, it would be a matter for a man of your position in life I should say to decide whether it would be proper for you to bill them with your expenses under the circumstances.—A. Well, we will put it this way: I might have thought that I could do something for them and couldn't do it.

Q. Do what?—A. Help them in some way. They were trying to get a lot of things done at the time. But I will say definitely that I did not interview anybody with the idea of influencing anybody into doing anything for them.

Q. What would you interview them at all for if it was not for that purpose?—A. Everybody was anxious at the time to know that this Order in Council was going through. Everybody in the Beauharnois company was anxious about it, and there were a great many interviews up here with Mr. Jones and members of the departments.

Q. Mr. Jones could not do much for you?—A. Mr. Jones was here practically all that time. He was conducting the whole of the program here in Ottawa.

Q. Well, before we leave it, can you suggest the name of any Cabinet Minister, any Deputy Minister, or any other official of the Government who ever raised the objection to the application of the Beauharnois company that there was a prior application by the Sterling company?—A. No, sir, I cannot.

Mr. GARDINER: Mr. White, have you finished with those expense accounts for trips?

Mr. WHITE: Yes.

Mr. GARDINER: There is a rumour going around the city and around the House that there was a certain trip made to Bermuda. If you have that account there, will you examine the Senator with regard to it?

*By Mr. White:*

Q. This voucher that I was reading from contains this further entry, Senator McDougald:

April 30th, 1930. Expenses of trip to Bermuda Honourable W. L. Mackenzie King and self. hotel Bermuda \$288.53. Fares Montreal to Bermuda and return \$395.04. Hotel, New York, \$168.75. Total \$852.32. What do you say about that?—A. May I tell that in my own way?

Q. Was that paid?—A. May I tell that story in my own way?

The CHAIRMAN: I think you had better let the Senator tell his story.

*By Mr. White:*

Q. Was that \$852.32 included in the cheque No. R369 dated June 13th, 1930, which was paid to you by Beauharnois Power Corporation?—A. I have since found out that it was.

Q. Do you desire to make some explanation?—A. I do indeed. I had been in the hospital in Montreal part of that winter—

Mr. LENNOX: Is that cheque endorsed?

Mr. WHITE: Yes.

Mr. LENNOX: By whom?

Mr. WHITE: By the Senator. Oh, no. This is "For deposit in the Bank of Montreal to the credit of W. L. McDougald" with a rubber stamp, and it appears to have been cleared on the 19th of June, 1930, in the clearing house at Montreal, and is marked paid by the Royal Bank, June 19th, 1930.

The WITNESS: Well, I had been in the hospital in Montreal in February, or thereabouts, for an operation and then went South. I went to Florida. While I was in Florida I got a telegram from Mr. King at Ottawa asking me, or stating that he and Senator Haydon were going to Bermuda for Easter and wanting to



know if I would join them there. I came back up to Montreal. I had been away, as I said, practically three months. I came back up to Montreal and I met Mr. King on his way through, and I told him I did not think I would go down. He said that he would be glad if I could arrange it. I told him I was very busy at the time. I had been in the habit of going off with him at Easter. I have been away with him many times before, and he said that he would like very much if I could arrange to go down for the trip. I told him I could not go with him at that time. He was going on one of the Canadian National boats from Halifax, but I told him if I could arrange it I would join him in Bermuda. I left Montreal and went to New York, and I went to Bermuda on one of the Furness-Withy boats. I got there a day and a half ahead of Mr. King. I had been familiar with the hotel there and the people in the hotel, having been there before, and when I got to the hotel I asked if they would let me see what accommodation they had for Mr. King and his party, and I was shown two rooms, two small rooms in the hotel, and I said to the Assistant Manager that I thought the Prime Minister of Canada should have a better suite of rooms, and he showed me rooms in the front of the hotel, and I thought they were much more suitable. He said to me "Well, perhaps they would not care to pay for the price of those rooms," and I said "That is all right, put it on my bill," and when Mr. King arrived he did not say anything about how the rooms were arranged for and I did not say anything to him. I left there on the Saturday and Mr. King left on the Monday. I got a cablegram to go back to New York. My family were in Atlantic City and I came back there, leaving Bermuda on the Saturday morning and Mr. King left on Monday morning. When I went to get my bill I was presented with the three bills, my own, Mr. King's and Senator Haydon's. I paid by a counter cheque, and I told the accountant,—he asked me how about the extra days that Mr. King would be staying at the hotel, and I told him to put it on my bill and that I would pay for it. I paid with my own personal counter cheque which I have here.

*By Mr. White:*

Q. How much?—A. \$645.69.

Q. And the date of the cheque?—A. The date of the cheque is April 19th, 1930. I did not tell Mr. King or Senator Haydon that I had paid the bill. When Senator Haydon went to get the bill I understand he was told that it had been paid by me. I was in Atlantic City with my family. I came up to New York and met Mr. King there, and was there again ahead of him and had arranged with the Ritz Carlton hotel at that time to take care of him when he got there. I paid that bill myself. And then when I got back to Montreal sometime later I got another bill from Bermuda for \$56.42.

Q. What was the other one, please?—A. \$56.42.

Q. The first one?—A. \$645.69. I got another bill from the hotel for \$56.42 which I paid, something that was left over that was not paid by my first cheque. I went off to Europe on the 5th of June of that year. I left for Europe on the 5th of June. Before leaving for Europe I was very busy with the opening of the Montreal Harbour Bridge which was opened on the 24th of May of that year. I had been away nearly all the winter and I was busy at the opening of that bridge, and then I sailed again with my family on the 5th of June for England. Before going I was told by Mr. Henry that I had not had an expense account from the Beauharnois company for some time, and would I put it in and that it would be paid. I instructed my office to put in this bill, and I have it before me now. First of all I would like to put on record here an affidavit which I have signed stating exactly what I am stating here now.

Q. Your oath here now is just as good as your affidavit.—A. I just wanted to have it on record.

Q. It will be in the record.—A. And also an affidavit from my secretary who made the error. Now, that is important. It is a remarkable thing, but my own personal bill for the hotel and my own personal bill in New York were not included in the bill that went to the Beauharnois company. The only bill that went to the Beauharnois company—the only bill that went to the company was the bill of Mr. King, and it was never my intention that my own personal trip to Bermuda, or Mr. King's, should have been paid for by the Beauharnois company. I did not know anything about it until I heard it here the other day by a rumour that that is what happened. I immediately took it up with the Beauharnois company. They knew nothing about it. They had had no instructions from me about it, and they say they don't know anything about that.

Q. When was that?—A. That I heard it?

Q. Yes.—A. Just here the other day.

Q. How long ago?—A. A week ago.

Q. All right.—A. To be specific, it was telephoned to me in Montreal that this voucher was in the hands of this committee.

Q. Who telephoned you?—A. I telephoned to Senator Haydon, as a matter of fact, and he told me the bill was in the hands of the committee, and I immediately came up to Ottawa that night, intending to go before this committee the following day to make the statement which I now make. Mr. King knew nothing about my expense account and nothing about the Beauharnois end of it at all. It was a purely personal matter with myself, and I had no intention of charging the Beauharnois company with any part of the bill for the expenses to Bermuda. The error was made in my office, and there is an affidavit here by my secretary so stating.

Q. I would like to have the secretary here in order to ask him questions if necessary.—A. I will be glad to bring him up.

Mr. JACOBS: Do you object to the affidavit being put in now?

Mr. WHITE: Most decidedly. I would like to have the secretary before the committee so that I may have the opportunity of asking him questions.

Mr. JACOBS: And you object to the affidavit being put on the record now?

Mr. WHITE: I think so.

The WITNESS: I wish to assure this committee that Mr. King had no knowledge whatsoever of this matter. I paid the bill, intending to pay it with my own personal money, and I did it because Mr. King was the Prime Minister of Canada, for one reason, and because he was a friend of mine; I had no intention of charging any part of my account or Mr. King's account to the Beauharnois company.

*By Mr. White:*

Q. How did it get charged to the Beauharnois company?—A. Because my secretary in sending the bill—part of the voucher was for \$2,500, and in making up the bill he put in the bill for Mr. King's expenses, not mine at all.

Q. The amount for the hotel bill is not what you say you paid for Mr. King at all.—A. What is the amount?

Q. The amount you gave me for Mr. King's bill was \$702.11.—A. No; that was the total bill that I paid, and his portion of it was \$265, as I remember.

Q. Then the amount you put in for the hotel in Bermuda was \$288.53?—A. That is exactly what I say. It would be a remarkable thing if I was trying to charge up my expenses to Mr. King.

Q. Did your secretary make this bill out on your instructions?—A. Not definite instructions.

Q. On your instructions, generally?—A. Yes.

Q. What instructions did you give to your secretary?—A. To put in a bill to the Beauharnois company for my travelling expenses from January of that year to the date it was made out.

Q. And that is all?—A. Yes.

Q. Where did your secretary get the figure of \$395.04 for return fare from Montreal to Bermuda?—A. Because my ticket was taken up by my office in Montreal over the Furness-Withy Line.

Q. I suggest to you that the return fare to Bermuda is \$190, for an outside cabin with a shower bath and all the trimmings?—A. It costs money to travel from Montreal to New York and New York to Montreal. It depends on the kind of accommodation you get.

Q. An outside cabin, shower bath, hot and cold water, both salt and fresh?—A. I have travelled just as often as you have, and I know you can pay various prices for cabins.

Q. Well, this is a good one?—A. Yes; but Mr. King was not travelling with me at all.

Q. That is why I am wondering where your secretary got this figure from?—A. From the money paid for the tickets, for my own tickets.

Q. Are you suggesting that your office paid \$395.04 for your return fare to Bermuda?—A. That is what they told me. I never checked the figures. I do not buy tickets as a rule; my secretary gets them.

Q. Quite so. And you are suggesting that?—A. Yes.

Q. When your secretary comes here, I would like to have the voucher for the \$395.04?—A. Very well, sir.

Q. And whether it was Mr. King's bill or your bill, can you suggest any possible reason why the Beauharnois company should pay it?—A. None whatever; and it was never my intention that they should pay it. I have since sent a cheque back to the Beauharnois company for the amount that was charged up for that Bermuda trip.

Q. How much?—A. Mr. Griffith can tell you that; he has the cheque; I think it was \$800.

Mr. WHITE: Is Mr. Griffith here?

Mr. FORSYTHE: He is out telephoning to Montreal on some business of yours.

The WITNESS: I have here a copy of a letter which went with the cheque which I should like to read if you will allow me to do so?

*By Mr. White:*

Q. I shall be very glad to hear it.—A. The letter is dated July 16, 1931, and is addressed to the Beauharnois Power Corporation:—

July 16th, 1931.

Beauharnois Power Corporation,  
University Towers Bldg.,  
Montreal, P.Q.

Attention, Mr. H. B. Griffith

DEAR SIRs:—I only learned yesterday that the auditors of the Committee now inquiring into the Beauharnois Power project had reported that your company had paid me an account that included amongst other items, personal hotel accounts, etc., of Hotel Bermudiana, Bermuda, with the Rt. Hon. W. L. Mackenzie King and my own expenses in connection with trip to Bermuda, April, 1930.

I was absent in England when this account including such item was sent by my secretary to you and was still absent in England when your cheque for this account was received by my secretary. I had no knowl-



edge whatever until a couple of days ago that your company paid this account of my expenses on this trip to Bermuda including the above item of Mr. King's expenses.

It was never my intention to charge the company either my own or Mr. King's expenses in connection with this trip and I would like immediately to refund you the amount of such expenses and therefore enclose herewith my cheque in your favour for such an amount which I understand covers everything paid me by you in error in connection with this Bermuda trip.

Yours very truly,

WLMcD

Enc.

It does not mention the amount, but it was \$800.

Q. As we have it now, the company paid this amount, and since the institution of these proceedings you have refunded it?—A. I did not know it until this time, and then I refunded it.

Q. And, as they say in the modern agreements, if, as and when this cheque is cashed this item will be reversed?—A. Yes.

Mr. JACOBS: It is significant that that date coincides with the day that Mr. Aird began to deposit his bonds in the various banks in Toronto.

Mr. WHITE: Yes, that is right; it was the 14th. Great minds run in the same direction.

Now, I think Senator McDougald and I can part company.

#### EXHIBIT No. 118

Hotel Bermudiana guest accounts Nos. 15687 and 15724 in the name of W. L. McDougald, totalling \$288.53.

Statement of expenses of trip to Europe, trips to Ottawa, hotels, etc., dated November 22, 1929, and statement of expenses of trip to Bermuda, dated April 20, 1930, totalling \$3,352.32.

Beauharnois Power Corporation, Limited voucher No. R369 to Hon. W. L. McDougald for the sum of \$3,352.32.

Beauharnois Power Corporation, Limited cheque No. R369 dated June 13, 1930, in favour of Hon. W. L. McDougald for the sum of \$3,352.32, signed by H. B. Griffith, and R. A. C. Henry, and endorsed: For deposit in Bank of Montreal to the credit of Hon. W. L. McDougald.

Mr. JACOBS: Are you finished?

Mr. WHITE: Yes.

#### *By the Chairman:*

Q. Senator McDougald, I understand that when moneys are paid out of the trust company's bank to carry on the contract of the Beauharnois Company they are paid out pursuant to a trust deed as estimates are given?—A. Yes.

The CHAIRMAN: Has that trust deed been marked as an exhibit?

Mr. MONTGOMERY: Yes.

The CHAIRMAN: Let me see it.

Q. That trust deed has to do with the issue from time to time of temporary bonds which may go as high as \$50,000,000 under the resolution of the company—is that right?—A. I could not say definitely as to that, Mr. Chairman, because I am not familiar enough with it to discuss it.

Q. Do you know upon whose certificate the trust company accounts are passed from time to time?—A. No, I could not tell you that, sir.

The CHAIRMAN: Let me see the share register of the Beauharnois Power Corporation.

Has any member of the committee any further questions to ask Senator McDougald at the present time?

Mr. WHITE: There is one other matter I would like to take up, Mr. Chairman. Mr. Gardiner asked Senator McDougald to bring his counter cheques and letters here.

Q. Have you got those?—A. No, sir; he did not ask me to do that.

Mr. GARDINER: Mr. Dorion asked for them.

The WITNESS: Do you mean in connection with Bermuda?

Mr. DORION: Yes.

The WITNESS: I have them right here.

*By Mr. White:*

Q. Let me have them and I will file them as one exhibit.—A. They are attached to this document. I will just have to tear that off.

Mr. WHITE: They will be Exhibit No. 119.

### EXHIBIT NO. 119

Beauharnois Power Corporation voucher No. 92552, dated Montreal, April 19, 1930, *re* Hotel Bermudiana account for the sum of \$645.69, signed by W. L. McDougald.

Bank of Montreal cheque No. 1570, (92605) dated Montreal, April 25, 1930, in favour of Hotel Bermudiana or order for the sum of \$56.42, signed by W. L. McDougald.

Mr. WHITE: I have been supplied with Colonel Thompson's docket, and in reference to those two entries we were discussing of the 1st and 15th March, 1928, I find this to be the docket entry:—

March 1: Continued work on Hill. Ints. with Senator McDougald and with Mr. Jones.

So we now know who the mysterious "Senator M." was.

On the 15th March the entry is:—

Impt. interview with Senator McDougald.

Q. In view of these entries, what do you say?—A. I say that I suppose Colonel Thompson was carrying out his duties here as a lobbyist and was trying to get me to help, or was trying to get some information from me.

Q. It says: "Important interviews"?—A. I do not know how important he would consider that. As a member of the Senate, I have often been interviewed by lawyers and counsel here in connection with bills coming before the committees.

Mr. JACOBS: Apparently it was not important because he did not charge for it.

Mr. WHITE: He did not make a specific charge for it.

The WITNESS: It is lumped in.

*By Mr. White:*

Q. He did not make a specific charge for it?—A. No. It would be a little thing. I was being constantly asked to do, and I am sure other Senators are, when bills are coming before the Senate, to give them interviews, and I refused to give anybody interviews. Whether lawyers charge for that interview, is no concern of mine. I know nothing about it. All I can say it was not at my request or any business of mine.

Q. Evidently Col. Thompson considered it important?—A. That is his affair, not mine.

Q. He considered it important enough to charge it up to Beauharnois?—A. Lawyers have a habit of charging a lot of things.

Q. Not to Beauharnois; I have not had that pleasure yet.—A. No, I have had enough experience to know they charge for things that are not very important.

Q. Do they? Your lawyers may get away with it.

Mr. WHITE: Col. Thompson, you are already sworn.

Col. THOMPSON: Yes.

*By Mr. White:*

Q. This is your docket?

Col. THOMPSON: That is my docket.

Q. Containing all the pages. Starting from page 100, the first entry is on October 27, 1927.—A. Yes.

Q. And the entry is charged up to Dominion Securities?—A. Yes.

Q. R. W. Steele?—A. Yes.

Q. And is carried through in that way?—A. Yes: I don't know, it may be Beauharnois afterwards: as I explained in my previous testimony I afterwards acted for Beauharnois.

Q. You go from page 100 to 118, and it is still Dominion Securities.—A. Yes.

Q. And from 118 to 124, still Dominion Securities?—A. Yes; it appears to be carried on in that way.

Q. From 118 to 145, still Dominion Securities.—A. Yes.

Q. From 145 to 170, still Dominion Securities, 187 still Dominion Securities. Is that the end?—A. Well, it is just as you see there, Mr. White. I do not know myself. There is 197, but it looks like 191. Here is 197, 191 and 216.

Q. Yes. The last entry is December 12, 1929, received payment.—A. Yes.

Q. October 12th, is it?—A. October 12th, that is right.

Q. The last charge being January 9, 1929.—A. Yes.

Q. And carried all the way through in the name of Dominion Securities.—A. My bookkeeper would carry it out on the first entry.

Q. I understand.—A. Yes.

Q. You did not change the name of the account.

*By the Chairman:*

Q. Did you have an interview with Senator McDougald?—A. Well, I presumed, from the charge made there, I had some. I look upon Senator McDougald as an important man, and if I had an interview with him, I think it would be an important interview.

Mr. JACOB: Not any interview, you may have lunch with him.—A. Well, that would not be business.

The CHAIRMAN: I suggest that the entry in the ledger might be changed to read, "interview with important Mr. McDougald."

The WITNESS: Or better still, an important interview with important Senator McDougald.

Mr. WHITE: Either one.

*By Mr. White:*

Q. Would it be by reason of the fact that Mr. Jones was along that your first entry is—A. Yes.

Q. Interviews—ints, I suppose that is interviews?—A. Yes.



Q. With Senator McDougald?—A. Yes.

Q. And Mr. Jones?—A. Yes.

Q. When it comes to seeing Senator McDougald alone, it becomes important.—A. Oh, I hardly think that that is a fair inference. No two interviews are quite alike, Mr. White. The first interview may have been very short, and the second one may have been quite a lengthy one. It is two and a half years ago, and I cannot go back to the interview. You cannot, I think, in your own law office.

Q. What I can do and what I cannot do is of no interest to this committee whatever. They pay me by the day.—A. I never got a per diem, I wish I could. Do you want anything further from me?

Q. These entries here are correct entries of your daily activities?—A. Oh, I fancy so, Mr. White. There is my ledger; it is all before you.

Q. It is not a ledger, it is a docket.—A. Well then, a docket.

Mr. JACOBS: Your life, Colonel, is an open book.

Col. THOMPSON: Yes, exactly, Mr. Jacobs, and nobody knows my life better than you do.

Mr. WHITE: That will be all, thank you.

I was indicating, Mr. Chairman, what the activities were, and I thought perhaps I might read a few of those entries.

The CHAIRMAN: Very well, go on.

Mr. WHITE: Starting at January 14, 1928. Very long and important interviews with Mr. W. A. leading newspaperman from Montreal; 15th, interview with two leading Maritime provinces men and getting their views as to Maritime attitude; 17th, morning, conference with Messrs. Greene and Sifton, re form of application to be made to the Department of Public Works and Railways and Canals; conference with Messrs. Griffith and Daly; evening, important interview with Mr. Greene *re* tomorrow's work; 18th, nearly all morning engaged filing applications, and so on; 19th, important interviews; morning, interviews with Mr. Greene at his request; 20th, interview with Mr. Greene. Then we get back to the later stage, starting on February 1, nearly all afternoon engaged; 2nd, very long conference with work on the hill; 3rd, conference with Messrs. Pugsley, Greene and Moyer *re* plan of campaign; with Senator Reid; work at Commons and important interview with Senator Reid; 6th, interview with Mr. McPhee, M.P.

The CHAIRMAN: Senator R. may have been Senator Reid.

Mr. WHITE: Senator Reid, it is. Afternoon interview with Mr. McLean, M.P.; conference with Major Moyer; other work on hill.

Mr. JACOBS: Do you think all that is necessary?

Mr. WHITE: I am just showing what the work consisted of.

Hon. Mr. MACKENZIE: I think you have done that already.

Mr. WHITE: 14th, work on hill; afternoon, interview and so on; work on hill; work on hill; 21st, work on hill, and so on.

Mr. JACOBS: Yes.

Mr. STARR: May I ask Senator McDougald a few questions? I think Mr. White and the committee have covered all but three or four matters. Senator McDougald, I am reading from Exhibit 24, the Commons Debates, a speech made by Mr. Gardiner:

Senator McDougald was interested in the promotion of the Beauharnois Light, Heat and Power Company in 1927 before the Legislative Assembly of the Province of Quebec.

Is that true or not?

The WITNESS: Absolutely untrue. I knew nothing about it at the time; took no part in it at the time.

Hon. Mr. CANNON: This is all subject to my objection, I understand.

*By Mr. Starr:*

Q. Then, continuing, on the same page;—this is the conclusion that Mr. Gardiner draws:

If it is not true,—

referring to your speech in the Senate,

then Senator McDougald deliberately deceived the Senate and the people of Canada.

Q. Was your speech true, that you had no interest in Beauharnois?—A. Absolutely true.

Q. Now, one more question. Some question arose as to your position in the Senate and as chairman of the Montreal Harbour Board. Is there any similar situation in the Dominion that you know of?—A. Well, I recall quite distinctly that at the time there was some question as to whether a Senator could sit as chairman of the Harbour Board, and the precedent for that was the Hon. Mr. L'Esperance, who sat on the Quebec Harbour Board as chairman, and was a Senator at the time. That was the precedent on which I was appointed to the Harbour Board as chairman.

Mr. STARR: I think that is all, sir.

*By Mr. Jacobs:*

Q. You did not accept emoluments or indemnity as a Senator while you were there?—A. No. That was the only objection that no person, I understand, could draw two salaries from the Government, and I waived the salary as a harbour commissioner and drew the Senate—

Q. You waived it on the harbour?—A. As a harbour commissioner.

Q. You drew the emoluments from the Senate?—A. As a Senator.

Q. How much were they on the Harbour Commission?—A. \$7,000 as chairman.

The CHAIRMAN: From what page of Mr. Gardiner's speech were you reading?

Mr. STARR: I was reading from page 1878.

Mr. WHITE: An important year in the history of this country.

Hon. Mr. MACKENZIE: More Tory propaganda, as counsel for the Tory party—

Mr. FORSYTHE: Mr. Griffith has just produced the cheque which was forwarded him by Senator McDougald in the letter of July 16, which Senator McDougald read. The cheque is for \$852.32. Mr. Griffith does not want it filed as an exhibit, because he has not cashed it.

Mr. WHITE: It is not cashed yet?

Mr. FORSYTHE: No; but he proposes to cash it.

Mr. WHITE: He has been losing a lot of interest since July 14.

Mr. FORSYTHE: He has been losing interest on some other cheques too.

*By the Chairman:*

Q. Referring to the question Mr. Starr put to you, Senator McDougald, is it your position that you took no interest whatever, nor did you do anything in connection with securing any rights for the Beauharnois Light, Heat and Power Company from the Province of Quebec?—A. Absolutely, none whatever. I took

no part whatsoever in any of the activities of the Beauharnois Company while they were before Quebec. I knew nothing about their work. I did not know that they were even trying to get any rights.

Q. The reason I asked you that is on account of Mr. Geoffrion's bill. These interviews were at the time the amendment to the charter—the bill providing for amendment to the charter was before the Quebec Legislature. You say that if you had any interviews with Mr. Geoffrion, they had nothing whatever to do with the application before the Province of Quebec.

Hon. Mr. MACKENZIE: I understand you to say that the interviews between Mr. Geoffrion and Senator McDougald were in 1927?

The CHAIRMAN: Some of them.

Hon. Mr. MACKENZIE: I understand the first one was 1928.

Mr. WHITE: December 17, 1927.

Hon. Mr. MACKENZIE: I want to check that up; you are wrong.

Mr. WHITE: I may be wrong.

Hon. Mr. MACKENZIE: You are both wrong.

WITNESS: Might I say, Mr. Chairman, that while I was chairman of the Montreal Harbour Board there was hardly anything that took place with regard to affairs Maritime that I was not asked about, having in mind what the attitude of the Montreal Harbour Commission would be. Now, I can readily conceive, in thinking it over, that Mr. Geoffrion might have asked me whether or not the Harbour Commission of Montreal would have any objection or opposition to any such move of this kind. It happened in one case, I remember distinctly, of a power company which wanted to make a development at the Back River, which is behind the Island of Montreal. An objection was made by the Harbour Commission of the day—their engineers—that by the diversion of that water down the Ottawa River it would lower the water in the levels of the harbour of Montreal, and on that ground it was defeated. Now, there was hardly anything that came up of a Maritime nature that I was not asked about by whomever happened to be interested. Then, let me say definitely that I have been undoubtedly, many times, in Ottawa, as a member of the Senate—I have been lobbied—perhaps that is the word to use—when Bills were coming up to see what my opinion would be or what my vote might be, and I think that happens to every member of the Senate, and also to a great many members of the House of Commons; but that does not mean in a consideration of that nature, that I was implicated in any way.

Mr. STARR: Mr. Thompson's bill discloses—

WITNESS: Yes. Mr. Thompson's bill—

The CHAIRMAN: Does any member of the committee want, at the present time, to ask Senator McDougald any question?

Witness retired.

The CHAIRMAN: Who is your next witness, Mr. White?

Mr. WHITE: I think Mr. Symmes desires to make a statement with regard to one or two witnesses.

The CHAIRMAN: Who are they?

Mr. SYMMES: Mr. Bergevin.

The CHAIRMAN: Have you had an interview with Mr. Bergevin?

Mr. SYMMES: I have interviewed Mr. Bergevin. It did not appear to me that the evidence would be of any substantial interest to the committee. However, I requested that they give me a memo of the points that they desire to cover, and it is as follows: there is a reference at page 767 and 768 to the name



of Achille Bergevin as to Mr. Henry's interest in the matter, and Mr. Sweezey being in negotiation with him in respect of Beauharnois. The references are very short.

The CHAIRMAN: What is the page number?

Mr. SYMMES: 767 and 768. One is at the bottom of page 767. The other is at the top of page 768. The first two questions.

The CHAIRMAN: Go on with your statement.

Mr. SYMMES: I wish to file what he styles original letters. He has shown me several letters. They do not seem to be of particular interest. He also refers to four letters between Premier Taschereau and Premier Ferguson regarding the interest of the two premiers in the Beauharnois, and the power he wishes to get.

The CHAIRMAN: What is the substance of the letter—trying to establish some rights between the provinces?

Mr. WHITE: No. I think he was the one who brought about the rapprochement between the two Prime Ministers.

The CHAIRMAN: Let us hope that Premier Taschereau and ex-Premier Ferguson will always be good friends.

Mr. SYMMES: Next, he wishes to give evidence as to an interview in 1923-4 with Senator McDougald at the Senator's offices at the Harbour Commission in Montreal, and produce a letter that he wrote to the secretary of the Harbour Commission, giving information on Beauharnois, and to make a statement with reference to a trip to his home at Beauharnois within a matter of a year thereafter by Mr. Henry, and a meeting of the two and the Robert heirs; and lastly, there is this statement in the memo,

I own the powers of the southwestern railway covering the same area as the Beauharnois Power Corporation.

The CHAIRMAN: What is it—some civil conflict, between the parties?

Mr. SYMMES: I judge so. I do not think the writ has been issued, but I think, perhaps that is in contemplation.

The CHAIRMAN: Unless there is something in that evidence that has a direct bearing on anything that will serve a useful purpose before this committee, I think we should exercise some care to see that this committee is not being placed in a position of being a tribunal used for the purpose of promoting anybody's private litigation. Am I expressing the opinion of the committee?

Mr. WHITE: I might say that Mr. Morin has had a long discussion with Mr. Bergevin.

Mr. MORIN: There is nothing to interest this committee.

The CHAIRMAN: In your opinion, after interviewing Mr. Bergevin, with a view to determining what his useful knowledge is with reference to the matters in this Order of Reference, your view, as counsel, is they would not be helpful?

Mr. MORIN: Only private matters between Mr. Sweezey and Mr. Bergevin.

The CHAIRMAN: It would have no useful bearing on the subject?

Mr. MORIN: None at all.

The CHAIRMAN: I think we should accept counsel's opinion.

Mr. SYMMES: I also spent a substantial length of time with them, and I came to the same conclusion.

The CHAIRMAN: The committee is unanimous that the evidence is not useful.

Hon. Mr. MACKENZIE: I would like to recall Mr. Aird, junior, for two or three questions.

The CHAIRMAN: Mr. White, the members of the committee have had a further discussion with regard to Mr. Bergevin. Mr. Bergevin seems to feel that the committee has not given him an opportunity to say something which he feels is useful. I think that I am now expressing the view of the committee when I say that we will call him and let him talk if he wants to.

JOHN AIRD, junior, recalled.

Mr. WHITE: Now?

The CHAIRMAN: Finish with Mr. Aird first.

Mr. HUYCKE: May I point out that Mr. Aird appeared before the committee on Friday, and he was then offered the protection afforded by the Canada Evidence Act. At that time he had not received advice from me. He now wishes to be afforded, if the committee sees fit, protection under the Canada Evidence Act, section 5, and asks that that protection be made applicable to the evidence heretofore given as well as the evidence he is about to give now.

The CHAIRMAN: You can arrange with Mr. White as to that, Mr. Huycke.

*By Hon. Mr. Mackenzie:*

Q. Mr. Aird, in regard to these bonds we discussed the other day, \$120,000, did you pay income tax on those bonds?—A. They were tax free bonds.

Q. They were tax free bonds in every case?—A. Yes.

Q. Did you yourself personally collect the coupons on those bonds?—A. Yes.

*By Mr. Jacobs:*

Q. What denominations and what year?

*By Hon. Mr. Mackenzie:*

Q. Mr. Jacobs wishes to know the denomination and the year.

Mr. WHITE: We have it.

Mr. JACOBS: I want to see whether they were really tax free or whether he considered they were tax free.

The WITNESS: Mr. White has a schedule there, Mr. Jacobs.

*By Mr. Jacobs:*

Q. And if you did not pay any income tax on them it was because they were tax free?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. What relation are you to Mr. J. H. Black of Toronto?—A. None whatsoever.

Q. Do you know him?—A. Sure.

Q. Did you have any transaction with him in regard to those bonds?—A. No, sir, I did not.

Q. Has your brother any relations with J. H. Black?—A. That is his father-in-law.

Q. Did one of your companies get into difficulties yesterday in Toronto?—A. I beg your pardon?

Q. Did one of your companies get into difficulties yesterday in Toronto?—A. I was not there yesterday, but they didn't. They got a contract on Saturday morning.

Q. So that my information is incorrect, that the sheriff is in possession of one of your companies in Toronto?—A. Pardon?

Q. I say that my information is incorrect then that the sheriff is in possession of one of your companies in Toronto.—A. Incorrect. I don't think so.

Q. You do not know of any financial difficulties of any of your firms?—  
A. No, I do not.

Q. And you had no relations, directly or indirectly, with Mr. J. H. Black in connection with the bonds?—A. I see Mr. Black very seldom.

Q. That is not my question at all. You had no relations directly or indirectly with Mr. Black in regard to these bonds?—A. No, sir, I did not.

Q. Did you ever inform Mr. Black that you were in possession of those bonds?—A. No, sir.

Q. Do you know if Mr. Black has any relations with the Abitibi Power Company?—A. I believe he did have at one time.

Q. You do not know if he has now?—A. No. I believe he is now president of the Dominion Construction Company.

*By Mr. Jacobs:*

Q. We are advised, Mr. Aird, that a company of which you are the president was declared bankrupt this week and the sheriff is in possession.—A. Which one?

Q. Well, how many have you?

*By Hon. Mr. Mackenzie:*

Q. Are they all liable to be in that state?—A. I don't know, they might be. I do not know of any companies that I am interested in that are bankrupt. Which one are you referring to?

The CHAIRMAN: I think you should give him the information.

Mr. JACOBS: We have this on very good authority. I am asking the witness the question.

Q. Is it untrue?—A. Well, I do not know of it. I was not in Toronto yesterday.

Mr. LENNOX: Let him know the name of the company.

*By Mr. Jacobs:*

Q. What are the names of the companies you are identified with now?—  
A. St. James Court.

*By Hon. Mr. Mackenzie:*

Q. Is it in a sound financial condition?—A. When I last heard of it, yes.

Q. When did you last hear of it?—A. Monday last, I think.

Q. Monday last, and it was quite sound then?—A. As far as I know.

Q. What is the next company?—A. Concrete Masonry Restoration Limited.

Q. Is it quite sound?—A. I was in the office there on Saturday morning. As far as I know it is. We got a good contract Saturday morning.

*By Mr. Jacobs:*

Q. You did not meet the sheriff there Saturday morning?—A. No, I did not meet the sheriff there.

*By Hon. Mr. Mackenzie:*

Q. What is the next one you have got?—A. Champlain Construction Company.

Q. Is it quite sound?—A. Well, we have not got a job yet.

Q. Is it in a sound financial position? Have you any assets at all?—  
A. We have assets, what I put up there myself.

Q. When?—A. Well, I put some up there, and the first job we bid on was for the Hamilton bridge, and we were second low on that. I had bonds up then. And we had another bid up for the St. Clair street viaduct.



Q. And that company is quite sound now?—A. Well, I would say so.

Q. Any other companies you have?—A. No, not that I know of.

Q. They are all quite sound?—A. As far as I know. I hope they are at least. I have been away so long they might be bad.

*By Mr. Jacobs:*

Q. Some evilly disposed persons have suggested that these bonds that you spoke about yesterday, or at least last Friday, and which were moved from your vault into the banks and upon which you obtained loans, were so placed in order to prevent the creditors of your various companies from being paid what is justly due to them.—A. Well, we haven't got any creditors to any extent, you see.

Q. Well, to any extent, but to the extent you have?—A. I do not think that we have any creditors in any company I am connected with.

*By Mr. Lennox:*

Q. Are they limited corporations?—A. All limited corporations.

Mr. LENNOX: Then you are not liable.

Mr. JACOBS: We are testing the credibility of this witness, Mr. Chairman, and no person knows better than you that we can ask him any question we like.

The CHAIRMAN: How are you testing his credibility if you are asking whether some company in which he has an interest is in an insolvent condition?

Mr. JACOBS: Do you think any bank in Canada would deal with any tuppenny-ha'penny company that did not have the security of the president or other officers of the company?

The CHAIRMAN: Who is disputing that?

Mr. JACOBS: That is my answer to Colonel Lennox.

The WITNESS: I should like to go over a little bit of the evidence I gave on Friday. I want to say that this is my first experience in a witness box, and probably a lot of the things you asked me did not come out in as favourable a light as they might have.

I would like to start from my employment with the Imperial Oil. As soon as the war was over I was employed by them as Assistant Engineer in Halifax. Three months time after that I got a raise in salary and was made an engineer. Nine months after that I was appointed Assistant Superintendent at Montreal with another raise in salary, and at the end of another six months or so I got another raise in salary. The Imperial Oil, if you asked them to-day, would say that I am just as good as I was then.

Mr. JACOBS: Or better.

The WITNESS: The Richardson Company, who were a New York firm of engineering accountants, asked me to go and represent them in Montreal where I was living, at a greatly increased salary from what I was receiving from the Imperial Oil, and I took it. They had a better business while I was there than they had ever done before, and I moved to Toronto to open another office. At that time I bought in this Woollen Mill which, as you know, was unsuccessful, principally because of the tariff and also due to the fact that we bought it too high.

Now, during that period that I was in Toronto I was in partnership with a man by the name of Millard, and we worked on many propositions. The first one was the construction of the St. James Court Limited. We borrowed \$250,000 in New York, built the apartment and still own it, still operate it, and it is worth now, according to the auditor's report, over \$500,000.

*By Mr. Jacobs:*

Q. Are you in it?—A. Yes, sir, I am in that. According to the auditor's report it has an appraisal value of \$500,000.

*By Hon. Mr. Mackenzie:*

Q. Do you own part of it?—A. Oh, yes.

*By Mr. Jacobs:*

Q. Are you still in it?—A. I am still in it. I control it.

Q. Then I suggest to you that you return to Mr. Sweezey his \$125,000.—A. Then may I go along to my further story? After the apartment house was built Millard and myself—the Woollen Mill had gone bad then and Mr. Millard had nothing to do with it. We started in on the Madawaska River. It runs from Fitzroy up to Algonquin Park.

*By Mr. White:*

Q. You mean from Algonquin Park to Fitzroy.—A. We spent a great deal of time on this matter getting the information and also finding out as to the waterfall and the actual elevation of the river all the way down. I need not go into detail on that. We tried for some time to sell the proposition to the Hydro, or someone else, but we were unsuccessful in doing so at that time. However, we took it to Mr. Gundy and asked him if he would be interested, to finance it and take it to the Hydro. We had options at that time from M. J. O'Brien Company, Limited, Ottawa. Mr. Gundy took it up but unfortunately he was not able to get a contract because probably the opposition, who was Mr. Graustein and the Gatineau Power Company, had a more beneficial contract than Mr. Gundy. After that, as I mentioned the other day, in my interview with Mr. Ferguson—

Hon. Mr. MACKENZIE: Mr. Ferguson says he never met you.

The WITNESS: Well, he probably never would.

*By Hon. Mr. Mackenzie:*

Q. Meet you or remember it?—A. Remember. He said the Hydro Electric Power Commission had everything to do with it. We were about a year working on that, and we persuaded Mr. Magrath who was then Chairman of the Hydro Electric Power Commission—and we knew that the Hydro Electric Commission did want power at each period of the year, and we knew they wanted power just about that time, and Mr. Magrath suggested that he hated to see us lose all we had in the matter because we had done so much in connection with the thing, and that he would figure that we would be able to get what we desired out of the thing if we would step aside and let the Hydro Electric Power Commission buy the thing themselves, that is, direct through M. J. O'Brien Company Limited and he said then we would be reimbursed accordingly. We decided to do that, with the understanding with Mr. Magrath that we would give assistance not only to Mr. O'Brien but to the Hydro if required. Mr. O'Brien asked my assistance and I was able to purchase two options for him on the river and turn them over to him. After this deal was consummated with the Hydro we were reimbursed, or at least I figured that when I mentioned this figure of \$50,000 we were reimbursed. Mr. Millard was not there—

*By Mr. Lennox:*

Q. Which deal are you speaking of, the Madawaska?—A. I said the Madawaska deal was unsuccessful in that way that we did not get the contract, but we were very instrumental, at least I figured we were, in selling that to the Hydro Commission.

*By Mr. Jacobs:*

Q. The Hydro gave you \$50,000 to step aside?—A. Yes.

Q. Was that to give them some value?—A. We must have given them some value, although you asked me the direct question the other day—

Q. We are not investigating the other proposition, but I want to know how you can justify the \$125,000 deal with this \$50,000 deal?—A. Well, I am just wanting to point out those things to you, because I would not like to consider I was so foolish as I appeared to be on Friday, which I admit I was. May I go on further.

At the time the Madawaska deal was finished up Millard and I had broken partnership, although we are still both interested in the St. James Court. Then I started the Concrete Masonry Company, and this Concrete Masonry Company had a fairly good business the first year which took me a great deal to Montreal, and it was at that time that I got wind of information regarding Mr. Sweezey. I knew Mr. Sweezey, and knowing what he was after—

Q. You knew what Mr. Sweezey was after?—A. Yes. The only reason why I say \$120,000 was that the contract he was trying to get from the Hydro on the Madawaska was \$50,000 for 100,000 horse-power.

Q. You were working on a horse-power basis.—A. Well, that is the way it looked.

*By Mr. Jacobs:*

Q. I am told that you first met Mr. Griffith in Toronto, that the first time you cast your eyes on Griffith was in Toronto?—A. I do not remember that I first saw him in Toronto; I think I saw him in Montreal, if any place; that was the night I got the cheque from him.

Q. How did he come to you? He had to have you identified in some way?—A. I do not think I met him in Toronto; I think I met him in Montreal.

Q. I suggest to you, Mr. Aird, that he came up to Toronto to identify you as being the proper person to take up the swag, and that that is where he saw you for the first time, and when you came down to Montreal for the money he knew you. What do you say to that?—A. I say it is incorrect. I came down to Montreal myself. I had no dealings in regard to money of any sort except with Mr. Sweezey. Mr. Griffith was there when I received the money.

*By Hon. Mr. Mackenzie:*

Q. Was Sweezey there when you received the money in Montreal?—A. Yes.

Q. And Griffith too?—A. Yes, both of them.

*By Mr. Jacobs:*

Q. Griffith knew you from having seen you in Toronto?—A. Whether he met me in Toronto or not I do not know, but I met him in Montreal.

*By Mr. Lennox:*

Q. I understood you to say you went to University with Sweezey?—A. I thought he was at the University at the same time, but now I find out that he was a professor at R.M.C. when I was at Queen's. Kingston is not a very big town, except on the outskirts.

*By Mr. Jacobs:*

Q. So you were not college companions as you stated, but you knew Sweezey when you were at Queen's University?—A. Yes. I just want to tell you I was not as foolish as I appeared to be.

Q. Any man who can get away with \$125,000, the way you did is not a fool.—A. Thank you very much.

Mr. WHITE: May I ask the witness a few questions, Mr. Chairman?

The CHAIRMAN: Yes.



*By Mr. White:*

Q. At the time you were competing with Graustein for the Hydro Electric contract which resulted in Mr. Graustein getting the contract, did that competition have the result of reducing the original price quoted by Mr. Graustein for the power?—A. Oh, yes.

Q. And at the time you first spoke to Mr. Sweezey were you then competing with Mr. Sweezey?—A. Yes. If I remember rightly I said: "What do you think it is worth?" and he said: "\$100,000," and I said: "No; 50 cents per horse-power, \$125,000."

Q. But were you competing for a contract with the Hydro Electric Commission at that time?—A. No.

*By Mr. Jacobs:*

Q. Sweezey said what?—A. I said: "What is my experience worth?" and he said: "\$100,000," and I said: "No; let us call it \$125,000 or 50 cents per horse-power."

Q. Your experience with what?—A. With the Madawaska.

Q. You got the Madawaska to withdraw?—A. No, you are mistaken. When we were dealing with the Madawaska we were the people who were the intermediaries.

Q. And you withdrew?—A. Yes.

Q. You withdrew, and the Madawaska came in?—A. No. Mr. O'Brien and the Hydro Electric Power Commission came together, and they put it frankly to me along with O'Brien and Magrath in order to expedite matters.

Q. And you withdrew and the other company got the contract?—A. No. You still have me wrong. There is a long series of things in the Madawaska covering a period of four years, and this deal I withdrew from was the purchase of the Madawaska River rights, etc., by the Ontario Government.

*By Mr. White:*

Q. By the Hydro Electric Power Commission?—A. Yes.

Q. From Mr. O'Brien?—A. From M. J. O'Brien, Limited.

*By Mr. Jacobs:*

Q. Of what value was that experience of yours to Mr. Sweezey who had already acquired all these rights from the Government and other people?—A. I can say no more than my experience in turning over the Madawaska. I mentioned it to him at the time. I was very instrumental. That was the bargain I made with him, that if he wanted my experience there it was available.

Q. Experience of what?—A. Do not you think a \$50,000 payment by the Hydro is something?

*By Hon. Mr. Mackenzie:*

Q. Did you see the Hydro Power Commission in connection with helping Sweezey?—A. I never saw anybody in connection with the Hydro or the Ontario Government, as I mentioned before.

Q. You did in connection with the other deal?—A. Yes, I pestered the life out of Magrath and McCrea, and that is probably one of the reasons why they got me out of the road. Another thing I would like to say is that I built the hotel in Halifax, and that was no mean thing.

*By Mr. Jacobs:*

Q. We are dealing only with your taking \$125,000 from these gentlemen. You say your experience with the Madawaska when turned over to Sweezey was worth \$125,000?—A. Mr. Sweezey made that bargain.

Q. You say Sweezey thought it was worth it?—A. Yes, gauged on horse-power; he was going to get 250,000 horse-power at 50 cents per horse-power.

Q. And he was to give you 50 cents per horse-power when he got 250,000 horse-power from the Hydro, and that made it \$125,000, based upon your experience with the Madawaska?—A. Yes.

Q. And you put that up to him?—A. Yes.

Hon. Mr. MACKENZIE: And did nothing.

Mr. JACOBS: Did nothing.

The WITNESS: I did as much as I was asked to do.

Mr. LENNOX: He did as much as Senator Haydon and Mr. Henry who got nearly \$1,000,000.

*By Hon. Mr. Mackenzie:*

Q. What did you do in connection with this project—anything at all?—A. The only thing is what I mentioned the other day. There was some argument as to who should pay from the Quebec border to the power house, and I suggested to Sweezey that he build the line according to what the Hydro wanted.

*By Mr. Jacobs:*

Q. It has also been suggested by other evilly-disposed people that all the money you got was \$800 odd and that the balance was being carried by you for some person or persons as yet unknown?—A. Quite incorrect.

Q. You do not know why you got \$800 odd in cash?—A. Yes, the difference between the market price of the bonds and \$125,000.

Q. You took that in cash?—A. I did not argue about whether it was cash or not.

The CHAIRMAN: Henry and Senator McDougald got \$1,100,000 from—

Hon. Mr. MACKENZIE: That has nothing to do with this matter.

Mr. JACOBS: Do you suggest that because other men were crooks this man is entitled to be called a crook?

Mr. LENNOX: I do not think that that is fair to Mr. Aird. If Sweezey was fool enough to think Aird's experience was worth \$125,000, why do you blame Aird?

Mr. JACOBS: If you think that was so.

Hon. Mr. MACKENZIE: Sweezey's evidence was that the money was for the Conservative Party of Ontario.

The CHAIRMAN: There is no such suggestion on the record.

Hon. Mr. MACKENZIE: There are two direct pieces of testimony in which it was stated that it was for the Conservative Party of Ontario by Griffith and Sweezey.

Mr. WHITE: That is only the testimony of one witness.

Hon. Mr. MACKENZIE: Two witnesses.

Mr. WHITE: Griffith speaks only as to what Sweezey told him. It is a direct controversy between Sweezey and Aird.

The CHAIRMAN: It is very easy to make these baseless assertions.

Mr. LENNOX: You asked these bankers to come here thinking you would be able to trace these bonds into the hands of some other person. They came here, and strange to say, you were not very anxious to hear them; but they did give evidence and traced every single bond that was given to Aird.

Mr. JACOBS: They said Aird brought these bonds to the bank last week. They do not know where the bonds were before. Aird stated he had them in his own box in the bank.

The WITNESS: That is right.

*By Mr. Jacobs:*

Q. Why did you move them from your own box to the bank?—A. I have told you that.

Q. You have given us a second version today?—A. I do not think I have changed my evidence in that regard.

Hon. Mr. MACKENZIE: As I suggested the other day, I think it is a matter for further investigation.

Mr. WHITE: At the time you were talking to Mr. Sweezey did you have any—I was going to say “nuisance value”?

Mr. JACOBS: He did not even have that.

Hon. Mr. MACKENZIE: He had nothing.

*By Mr. White:*

Q. Let us see whether or not you were in the way with any application that you had or any dealings you had with the Hydro Electric Power Commission at that time?—A. I do not think so, no.

Mr. JACOBS: He did not even have that.

*By Mr. White:*

Q. When did you first see Mr. Sweezey?—A. I think it was some time in August.

Q. Not before August?—A. No.

Q. Of 1929?—A. Yes.

*By Mr. Jacobs:*

Q. And you never used any efforts towards getting this contract for Sweezey from the Hydro either directly or indirectly?—A. No.

Mr. JACOBS: That is all I desire to ask.

Mr. HUYCKE: May I ask the witness a few questions, Mr. Chairman?

The CHAIRMAN: Yes.

*By Mr. Huycke:*

Q. What was your bargain with Mr. Sweezey?—A. That I should get \$125,000 if he got the contract from the Hydro Electric Power Commission, and that I was available for any assistance he wanted over that period of time.

*By Mr. Jacobs:*

Q. Over that period of what time?—A. From August until he got the contract.

Q. You were administering assistance to him as he required it over that period. Did your contract go beyond that or did it finish in December?—A. I should figure it would be finished in December.

*By Mr. Huycke:*

Q. Finished when you got the contract?—A. I did not get the contract; Sweezey got it.

Q. Were you called upon by Sweezey under that contract to perform any services?—A. Just the one that I have mentioned to the committee.

Q. And you performed some services?—A. Yes.

*By Hon. Mr. Mackenzie:*

Q. You performed what services?—A. I gave him advice in regard to what he should do with the power line.



*By Mr. Lennox:*

Q. You were subject to be called upon at any time during that period?—A. Yes.

Mr. JACOBS: He did nothing and did it well.

*By Mr. Huycke:*

Q. It has been suggested that you did not give a receipt. Were you ever asked for a receipt?—A. No receipt was asked for; it was quite a jovial affair, as a matter of fact.

Q. Was it at your request that you took the bonds?—A. No, it was mutual consent; I do not think there was much argument at all; the bonds were just as good as cash.

Q. As to the payment of the balance, was it at your request that you got a cheque payable to cash?—A. I got the bonds in the afternoon and got the cheque some time later in the evening; naturally I went up and got it; I do not know whether Griffith gave it to me or who gave it to me, but we did have a little celebration, and I asked Mr. Main to give me a cheque payable to me; I did not want to carry that amount of money with me.

*By Mr. Jacobs:*

Q. You took Mr. Main's cheque?—A. Payable to John Aird, Jr.

Q. Carrying his cheque instead of carrying cash?—A. It was payable to cash.

*By Mr. Huycke:*

Q. As to the bonds, what was the first use you made of those bonds?

Mr. LENNOX: We have all that evidence on the record.

The CHAIRMAN: He said the first thing he did was to buy a Packard car.

*By Mr. Huycke:*

Q. Were any of those bonds or the proceeds of those bonds ever ear-marked for anybody but yourself?—A. No.

Q. Let me read to you a portion of Mr. Sweezey's evidence appearing at page 823 of the proceedings:—

I know we made a contribution to someone who represented himself as standing up for an Ontario fund of this kind.

Q. To whom did he make those representations?—A. To me.

Q. To you?—A. Yes, sir.

Q. And what did he say to you in that regard?—A. That he thought that a contribution would be in order to the Ontario Conservative Party because we would probably be having a lot more dealings with the Ontario people, and that gratefulness was always regarded as an important factor in dealing with democratic governments.

Q. Were you the person?—A. Well, if there was another emissary, he should have turned up before I did. If there was another emissary, he should have turned up before I did, or afterwards. I had nothing to do with it.

Q. Were you the emissary?—A. No.

*By the Chairman:*

Q. Is it true what Sweezey says?—A. No.

*By Mr. Huycke:*

Q. You never made any such representations?—A. No.

The witness retired.

The CHAIRMAN: Are there any more witnesses, Mr. White?

Mr. WHITE: Is it the desire of the committee to hear Senator Raymond?

Mr. LENNOX: What about the cheques that he was going to bring?

Mr. WHITE: Whose?

The CHAIRMAN: Senator Raymond was going to bring some cheques.

Mr. WHITE: Well, I do not know that he is here.

Mr. LENNOX: What was the result of the interview, if there was one, with Senator Haydon? Did the doctors examine him?

Mr. WHITE: I understand they are going to make a report.

Mr. LENNOX: They have not yet made their report.

Mr. JACOBS: I move the adjournment of the committee until to-morrow morning at eleven o'clock, unless you are ready to go on to-night.

The CHAIRMAN: Yes, I can go on to-night.

Mr. WHITE: I think perhaps it would be better to adjourn until to-morrow morning. Is it the desire of the committee to have Mr. Godin here in connection with the Montreal Trust matter. He is a director of the Beauharnois Company, I understand. I suppose he had a perfect right to buy shares from Senator McDougald if he wanted to.

Mr. LENNOX: I thought you said you wanted him.

Mr. WHITE: That was when I was cross-examining Senator McDougald. One in the heat of combat is carried a little beyond one's self.

Mr. LENNOX: It might throw a little light on that one million dollars.

Hon. Mr. MACKENZIE: Mr. Chairman, if the committee is going further into the question of campaign funds, I have a long list of witnesses I desire to call.

Mr. JACOBS: I move we adjourn until to-morrow morning at eleven o'clock.

Committee adjourned at six o'clock to resume Wednesday, July 22, at 11 a.m.





HOUSE OF COMMONS, ROOM 231,

WEDNESDAY, July 22, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:—

Peter White, K.C., Louis Morin, K.C., B. H. Symmes, for the Committee.

G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. H. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

The CHAIRMAN: Very well, Mr. White.

Mr. WHITE: We were to hear Mr. Bergevin this morning, sir.

The CHAIRMAN: All right, call Mr. Bergevin.

ACHILLE BERGEVIN, called and sworn.

Mr. WHITE: Mr. Bergevin, in the Court of Appeal in Ontario when a lawyer comes in and brings a lot of books and papers the judges look down and think the argument is going to be pretty long, and I would like to call your attention to the fact that the committee are only desirous of hearing from you matters which actually pertain to this inquiry, and I am instructed to ask you to confine your remarks in that way. With that in view, what may appear to you to be very important and very pertinent to this inquiry may not be quite so in the opinion of the committee. You can quite appreciate that, Mr. Bergevin. Now, if you will just say what you have to say to the committee.

The WITNESS: I thank you very much for your remarks and suggestions. I have not come here to say anything or to cast any reflections upon anyone. If my name had not been mentioned during the investigation by some of the witnesses that have been called to the witness box I would not have asked to be brought here to-day. But when I saw that my name had been mentioned and that—I do not want to say misrepresentations—but that perhaps some errors had crept in, then I felt that I wanted to come here and express to you exactly what I know personally, and thus make answer to what has been said.

*By the Chairman:*

Q. What page of the committee's evidence do you refer to?—A. I refer to the proceedings of July 16, 1931.

Q. What page?—A. Page 763. And I would beg to draw your attention—

Q. Wait till I get the page. That is about a letter?—A. Page 763. My name was mentioned first by the honourable President of this committee:—

One day Mr. Cantin who was the chief factotum of the transportation and power company, came in to see me—was introduced by another man, Mr. Bergevin.

That is quoted from the beginning of your question, Mr. Chairman.

The CHAIRMAN: Not my question; Mr. White's question.

The WITNESS: Those are the lines where my name is brought in.

*By the Chairman:*

Q. It has something to do with a letter?—A. It has something to do with a letter, yes. I thought I had better bring in the letter itself, which I extracted from the records of the court where it should never have been. However, I have brought it and I had to give a receipt for it on Saturday last.

Q. All right, let us have the letter.—A. This is the letter. It reads as follows:—

Regarding our conversation in connection with the St. Lawrence power situation, I am inclined to go into this matter more extensively.

*By Mr. White:*

Q. Who is it addressed to and what is the date of it?—A. It is dated 19th March, 1925, addressed to myself:—

Regarding our conversation in connection with the St. Lawrence Power situation, I am inclined to go into this matter more extensively. For this purpose I would ask you to kindly supply me with all the documents you may have bearing on the subject, particularly Engineers' Reports, or any shedding light on the legal situation.

I would appreciate having these in my possession not later than Monday, the 23rd of March. If there are any other documents which any of the members or those interested might have bearing further on the subject, I would also appreciate having copies of these.

Acting in this connection it is my object to proceed as a principal, in order to tie up such rights as are essential to the development.

*By the Chairman:*

Q. Who signed that?—A. R. O. Sweezey. Previous to that I had received another letter, the previous year, 1924, from Mr. Sweezey, saying generally that he was deeply interested asking me to come back and state that problem because he had been brought up to the proposition in 1913 through Sir Max Aitken and, I may say, he may not have been an intimate friend of mine but Sir Max Aitken was a gentleman that I knew intimately well enough to say "How do you do" in a friendly way, a man who has achieved lots of success for the country. I met him at the racetrack—

The CHAIRMAN: We are not concerned with where you met him, Mr. Bergevin.

Hon. Mr. MACKENZIE: We will not hold that against you.

The WITNESS: No. He told me that he was deeply interested and asked me if I would consult him in connection with the water powers and I said yes. He said "I am deeply interested in that project". I said "I am at your disposal". So the next day he gave me a letter of introduction to Mr. Sweezey who was then engineer-in-chief of the Montreal Engineering Company, which engineering company was owned by the Royal Securities Corporation, which was controlled by Sir Max Aitken himself.

I think it is interesting to have some details, because they might give to the members of the committee some appreciation of the man and the work. I would like to quote you the opinion of such a man as Sir Max Aitken. In 1924, I drew the attention of Sir Max Aitken myself to these facts. I will not

trouble reading you the letter which I received from him. I have it here. It was a letter which I sent to him, and I received back from him a letter of congratulations. It is dated August 21st, 1924:—

DEAR MR. BERGEVIN,—I must tell you how greatly I appreciated your exceedingly kind greetings and felicitations. It has indeed been a very real pleasure to me to find myself once more on Canadian soil. I read with interest your speech on the St. Lawrence water project. Undoubtedly such a waterway, navigable from the Great Lakes to the Atlantic and with power fully developed, would be a source of immense benefit to Canada; and it is to be hoped that a few years hence will see the realization of this great scheme, for the furtherance of which you have done so much. With kindest regards, I remain,

Sincerely yours,

(Signed) BEAVERBROOK.

That shows you the appreciation of men of such high character.

*By the Chairman:*

Q. Appreciation of your efforts?—A. Yes.

Q. All right. I think everybody will take that for granted, Mr. Bergevin? —A. Yes. Well, I have made a record so as to avoid the reading of reports, documents and speeches. I had occasion to make a speech before the International Joint Commission, and that is the first time this project was recommended.

The CHAIRMAN: I think every member of the committee is aware of your address at that time. You do not need to read that, Mr. Bergevin.

The WITNESS: The Commission reported according to the views that I expressed before the Commission and the plans recommended, of course, the project, for navigation purposes, etc., through that section which is now being developed by the Beauharnois Light, Heat & Power Company. And it is very interesting to know that that is good for both navigation and water power.

*By the Chairman:*

Q. We have cleared up the letter have we, Mr. Bergevin?—A. Yes.

Q. Where are you mentioned again, or are you mentioned again?—A. Now, Mr. Cantin said that this letter had been given, if I remember rightly—I think his declaration is here. I do not want to contradict too much, but he said that he had got a contract with the Robert family on which was paid \$2,000 then \$3,000 and \$5,000 in shares of the company. I do not want to bring lawsuits here because I am not here to collect money. The courts will have to settle those things. But many engineers have expressed their views on the situation and the status of that company in reference to technical questions, and that being so I think it may be interesting to know, not only from the technical standpoint but also from the economical standpoint, all about this question, a question which affects the Dominion as a whole. There is an achievement to be realized by this country, and we ought to be posted properly.

Q. You are a witness there?—A. Yes, I am a witness, and Mr. Cantin said that this was brought up to have Mr. Sweetey give him the information. I may say that they had all the reports, and if Mr. Cantin had some reports on that question they were given to him by me.

Q. It is understood?—A. These are corrections to be made because it reflects on the status of men and the position they occupy in reference to questions such as this. It is very very important that a man should have the moral benefit of his work, and so it is that I should have the moral benefit of the



work that I have accomplished, for the work which I have done in the past 34 years, and I claim that this is something which should be brought to the attention of the public. There are things that are done sometimes which are a mistake.

*By Mr. Jacobs:*

Q. You are familiar with Beauharnois: you were brought up on the St. Louis Feeder too?—A. Oh, yes. I know the situation very well. I can show you on the map that I know every inch of that territory. I was a member in the Lower House of the Province of Quebec during three Parliaments, and I sat for five years in the Upper House. Unfortunately I resigned, in error, to save my party but unfortunately they have not saved me. I was not guilty of anything—

*By the Chairman:*

Q. That does not arise here, does it?—A. No, maybe it does not. But it is interesting because it was brought up on that account. You see there are errors made, but we must give the credit to those who have accomplished something for their achievements in the solution of that problem. I must give the credit to Mr. Sweezey because he is a genius in engineering, and so is Mr. Henry.

Q. Mr. Bergevin, would it help you, or would you be satisfied if the committee now passed a resolution giving you credit for 34 years' work?—A. I thank you. But I want to say that I desire to have some moral benefit. I do not need the money. I have put up my money. I do not say the other people have not done something for the little Feeder on the St. Louis river, but I am the man that put up the money. Perhaps it was only \$2,000 or \$3,000 a year. I have been doing that for the last 30 years at least, and that money was put up out of my own pocket for the benefit of the country, for the benefit of Canada. I was the representative down there for many years. I simply want to let you know what I have done. I have a letter which I received from the Right Honourable Mr. Bennett, the Prime Minister of Canada. I have the speech delivered before the House, which was printed, of the Honourable Mr. Sauvé, saying what has been done, because he recognized the service I was rendering to my province and to my country. That was the only speech that was ever ordered to be printed by the House. I sent a copy of that speech to the Honourable Mr. Bennett, and although I do not belong to the Conservative Party I am loyal enough and independent enough to tell the truth. I received a very fine letter in reply from the Honourable the Prime Minister just before his departure to Washington where he was going to discuss the matter.

Q. This matter to which you are presently making reference, Mr. Bergevin, is well-known to the committee. The committee knows of these things. It has read volumes that you have written and your addresses.—A. Thank you.

Q. So I think surely we can shorten up your evidence.—A. Will you allow me to deposit in your hands also a copy of the letter that I wrote to Mr. Sweezey on the 21st of March, 1925.

*By Mr. White:*

Q. What year?—A. 1925.

The CHAIRMAN: Perhaps you will let me read it, Mr. Bergevin.

The WITNESS: Certainly.

The CHAIRMAN: This is a copy of a letter dated March 21st, 1925.

Mr. R. O. SWEEZEY,  
St. James Street, City.

DEAR MR. SWEEZEY.—I beg to send you herewith copy of reports on water power developments.

Your report of November 2nd, 1913; Surveyor and Frigon, March 11th, 1916; William Barclay Parsons, May 7th, 1923; J. B. Challies, July 11th, 1912.

You will also find herewith, plans of the Beauharnois Light, Heat & Power Co., between Lake St. Francis and Lake St. Louis, and remedial works on the St. Lawrence from Lake St. Francis to Lake St. Louis; report of lecture, before the Chamber of Commerce of Montreal, by myself, and resolutions adopted by the different municipalities on the questions of Navigation and Water Power developments.

Please accept my best regards.

(Signed) ACHILLE BERGEVIN.

Now then, what is the next, Mr. Bergevin?

The WITNESS: I am here a French Canadian. I am proud of my work. I am proud of my nationality and I am proud of my flag. I believe in freedom and the liberty of man. All true citizens should appreciate the real value of their country. I am faithful to my flag and to my country, and there is no man—not even a party man—who can stop me trying to get the benefit of my achievements, achievements that are mine. The people of the country want the benefit of those achievements. I have here the *Power Age*, issue of February, 1930.

I want to express to you, Mr. President, that I am proud of the work I have achieved, and what is contained here is practically an insult to my race. I am the pioneer in connection with this power question. It is not the Beauharnois Light, Heat & Power Co., nor the Robert family, which I respect very much indeed, but it is your humble servant that started this years and years ago, five years before the incorporation of the Beauharnois Light, Heat & Power Co. It is a question of merit, and a question of trying to keep within the works that I have achieved. I want the benefit of my work to go out, for the benefit of the country at large. I do not care about money. Nobody put up any money but myself for those achievements, and I have done it for thirty years. It may be only a small amount, \$2,000 or \$3,000 a year.

I have here the Statute of 1911.

The CHAIRMAN: We are acquainted with that.

The WITNESS: I own the Charter exclusively. I have here the Statute book of 1898. I am the man who suggested the furtherance of the Montreal and Southern Counties Railway which had the right to develop those water powers. That is four years before the Beauharnois Light, Heat & Power Company came on the scene. To prove it to you—

The CHAIRMAN: The committee are acquainted with that Statute also.

The WITNESS: That is all right. They had those rights but they were cancelled in 1915. I think Mr. Montgomery can confirm that. Through the cancelling of those rights the country lost millions of dollars which it would have had through that proposition. It is very interesting to the government to know that.

The CHAIRMAN: We are acquainted with that.

The WITNESS: I want to draw your attention to those facts. May I ask the liberty also to put before you, Mr. Chairman, and the committee, the first plans that were prepared from 1882 to 1900 or 1901.

*By the Chairman:*

Q. Who prepared the plans?—A. Mr. John Sullivan, Engineer and Land Surveyor, the very man who was recommended by your humble servant to be the Land Surveyor to draft the boundary lines between Ontario and Quebec above the Temiskaming to James Bay.

Q. Commonly known as the Sullivan line?—A. Yes.

*By the Chairman:*

Q. Would you like to file those plans as an exhibit?—A. Yes.

Q. If you file them as an exhibit they will probably have to remain here?—A. Yes.

Q. Then they will be filed as an exhibit?—A. Thank you, it is very important.

#### EXHIBIT No. 120

Blue print of plan of that part of Lake St. Francis situate in the Province of Quebec and also of that part of the River St. Lawrence between Lake St. Francis and Lake St. Louis. Signed by T. H. Sullivan, D. P. L.S. in 1882.

The WITNESS : They were divided into sections; it is from the west boundary of the Province of Quebec practically to Montreal.

*By the Chairman:*

Q. We will examine them.—A. Thank you. I think I should say something about the coming of Mr. Swezey and the Hon. Dr. McDougald into the matter. I may tell you that at the end of June, 1924, as Senator McDougald said yesterday, the late Mr. D'Aoust was a member of the Montreal Harbour Commission and a colleague of Senator McDougald, Mr. Harvie, and another gentleman whose name I do not at the present time recall.

Q. Never mind his name.—A. Senator McDougald has been appointed—he was not a Senator at that time—in the month of May, 1924, as a member of the Commission of the Harbour of Montreal, and was deeply interested in the navigation of the St. Lawrence River. I thought of going to see Senator McDougald and draw his attention to the matter as President of the Harbour Commission of Montreal. I thought of going to see him because two of the nominations that were made were representatives of the Province of Quebec, one being a director of the Shawinigan Power Company and another being a director of the Quebec Light, Heat and Power Company, and I thought they might feel inclined to make a report that might be against the south shore for which I was fighting. I prepared some resolutions and I went up to see the Hon. Dr. McDougald to draw his attention to them, and I met the three members of the Commission, and he invited me to come to the President's office after the meeting.

Q. In what year?—A. June, 1924.

Q. Did he tell you he had incorporated the Sterling Industrial Corporation?—A. It was not incorporated then; it was incorporated a few days afterwards.

Q. He did not speak to you about it?—A. No. I went there because he was a member of the Harbour Commission and the International Joint Commission, and I wanted to impress upon him and to convince him, because he was the only man at that time who would be sure to make a report that would be in accord with the views I had been fostering for twenty-five years. I said to myself that I had to have the backing of that man, and I had his backing, and I think he should have the credit for putting the canal on the right spot, on the south shore. I gave the Prime Minister of Canada in 1927 a letter explaining that the report was made exactly as I had predicted it. This is interesting to know.

Q. That letter will be in the reports now?—A. It is in the reports, but in the wrong reports.



Q. As long as it is in the reports it is available.—A. I have them here if you want them.

Q. No. We have them.—A. All right. Now, I think I have answered the first point. I have also the correspondence exchanged showing the good-will of both the Premier of Ontario, Hon. Mr. Ferguson, and of the Premier of the Province of Quebec, and I have official letters recommending me to go and see certain persons—

Hon. LUCIEN CANNON: I fully appreciate the importance of the evidence of this witness and the great interest that attaches to it, but I would ask you, Mr. Chairman, to direct him to restrict his evidence to matters pertaining to the Dominion of Canada and to leave out anything in connection with the Province of Quebec.

The WITNESS: I may assure you that it would prove a pleasure to you to hear what was said about your humble servant and the good work he has done and is still doing in the letter of recommendation to the Hon. Premier of Ontario.

*By Hon. Mr. Cannon:*

Q. I have no doubt that that is so.—A. I want to show the good-will and honesty and sincerity of those men. I did not see the Premier of Quebec. I wanted, incidentally, to bring Mr. Sweezey into that proposition—

*By the Chairman:*

Q. Now, Mr. Bergevin, I am afraid you are going too far afield.—A. This is not very long, if you want to hear it.

Q. What is it?—A. It is a letter from the Hon. Mr. Taschereau to Mr. Magrath, and also a letter from Mr. Taschereau to the Hon. Premier of Ontario.

Q. Will you let me see them? They may not have any bearing at all?—A. They have some bearing with Mr. Sweezey because he saw the reply by Mr. Ferguson inviting me to go and see him.

Q. These are letters of introduction from Mr. Taschereau to Charles A. Magrath and the Hon. Mr. Ferguson. I do not think you need put those on the record?—A. All right. This concerns Mr. Sweezey. Mr. Sweezey knew Mr. Ferguson and Mr. Magrath. I drew his attention to the matter and he went up to Toronto with the backing of the Premier of Quebec to make certain contracts.

Q. That is not interesting to this committee?—A. I do not want to put them on record.

Q. You want to keep those as a keep-sake?—A. One thing I forgot is in connection with these plans which I have here.

Q. Let me see those plans?—A. They are plans of the Great Lakes at that time.

Q. We have seen those plans. Somebody has already filed them. However, in case this plan has not been filed I presume you have another copy for your own use if we put this one in?—A. Yes.

Q. Then we will file this plan.

#### EXHIBIT No. 121

Printed plan of The Great Lakes and Atlantic Canal and Power Company, Limited, showing Great Lakes to ocean route, published by the Matthews-Northrup Works, Buffalo, N.Y., copyrighted in Canada in 1919.

Q. Anything else?—A. Then I have here a booklet giving a historical sketch of the proposed Great Lakes to Ocean Route.

Q. Would you like to file that?—A. Yes.

## EXHIBIT No. 122

Historical sketch of the proposed Great Lakes to Ocean Route, by The Great Lakes and Atlantic Canal and Power Company, Limited.

Q. Anything more?—A. I think sincerely that Mr. Cantin has done some good work in the matter of advertising.

Q. We are not concerned with that?—A. Then I desire to read a letter written by Mr. Sweezey to Sir W. M. Aitken, 28 Threadneedle street, London, England.

Q. What are you about to read from?—A. I want to read the first paragraph of this letter by Mr. Sweezey to Sir W. M. Aitken:—

DEAR SIR,—You may recall that on your last visit to Canada Mr. Achille Bergevin wished to have an appointment with you to submit a water power proposition. You referred him to me and I therefore looked into this proposition.

Q. Would you like to file that letter?—A. Sure.

## EXHIBIT No. 123

Letter dated September 2, 1913, from R. O. Sweezey to Sir W. M. Aitken, London, England.

The WITNESS: I just want you to appreciate the history of the project and the efforts of the men who were trying to realize the project in all sincerity for the benefit of this country.

*By the Chairman:*

Q. Anything further?—A. I have here a letter from the Beauharnois Light, Heat and Power Company in 1913 and also the Order in Council passed in 1909, which they got through me. You have the proof of it in the signatures of Robert and myself. Give the devil his due. You should understand the real history of this affair. It took three years to get that settlement of 40,000 feet per second, three years of effort, by sacrificing my own personal interest. I sacrificed my public life at that time, and three years after I had resigned my seat in 1914 I was asked to come back as candidate for Beauharnois, and the people were for me, but I withdrew so as not to oppose the brother of Robert of the Montreal Tramways and to ensure his election. Three years after that I came in as a candidate—

*By Mr. White:*

Q. Why not tell this story to the electors of Beauharnois?—A. They all know about that. They all recognize me, but I want you to recognize me. They all know that from the beginning to the end.

*By the Chairman:*

Q. I have looked over these letters which you have handed to me, and other members of the committee have seen them and are, I am sure, impressed with your early interest in the matter. Anything further?—A. An interview with the Hon. Dr. McDougald took place at the Harbour Commission.

Q. You told us about that?—A. At that meeting he said: "I know an engineer who is one of the leading engineers in Canada and I will have him go to see you," and the engineer came to see me on the following Sunday at my home, the home you saw the other day when you were down there.

Q. I am afraid it was too hot that day and I was not very observant.—A. If it was so hot, I do not blame you for not being observant. Under the circumstances I think you should have gone to the shore and taken a good swim right opposite my property that I built myself at a cost of \$31,000.

*By Mr. White:*

Q. And the best water in the River St. Lawrence?—A. Yes, because every drop I used to see passing opposite my place, and I know every inch of the country because I was there many years. I was very well satisfied with that interview, and I think Senator McDougald deserves great credit.

*By the Chairman:*

Q. Did they take you in with them?—A. No. I have here a receipt for 1,500 shares in the Beauharnois Power Company that I sold last year at ten and twelve, 1,500 shares from Mr. Sweezey.

Q. But you did not get them for your nuisance value?—A. No, not for my nuisance value. I got those shares as part payment of the settlements to be made with the Robert family. They were very difficult people to handle, and Mr. Sweezey said: "Bergevin, you can wait and I will have the settlement made—"

Q. What did you get from Mr. Sweezey?—A. 1,500 shares of Beauharnois Power, Class "A".

Q. You have still got them, I suppose?—A. No, I sold them at ten and twelve. I am a poor man, and I want to live honestly.

Q. Did you get any cash besides the shares?—A. Yes, \$3,500 to \$4,000; I had the list, but I cannot produce it. He did that during three years' time so that I would co-operate and do the best I could to give him what help I could.

Q. And you did that?—A. Yes.

Q. That is the end of that. What next do you want to take up? We desire to give you a full hearing?—A. Mr. Henry had lunch at my place on the Sunday—

Q. That is not interesting to the committee.—A. It is very interesting, because these men have been attacked and they must be given credit for their work and their connections, and how they made them. These are important details to know, and the morality and mentality of the men should be observed by the people of this country. It is from the mentality and the connections of such men that you can judge of their work and what they have done for the benefit of this country.

Q. Apparently you have cleaned up a lot of nuisances?—A. That may be, but there are some other nuisances in the way. I want to foster some other developments that are now being put up to the Provincial and Federal Governments relative to the matter of navigation at Montreal, and there will be a treaty between the United States and Canada—

Q. We are not charged with the responsibility of settling that matter here.—A. That is all right. Maybe it will be the responsibility of others in the future.

Q. Have you anything further to say, or are you through?—A. I introduced Mr. Henry to the Robert family in the afternoon, and we spent a couple of hours together with the Roberts. Maybe you know Joseph A. Robert who is a highly educated engineer in the Geological Department. We discussed that matter then.

Q. Is there anything further?—A. I want to draw your attention to the fact that I am interested in the district for the benefit of the country.

Q. We admit that.—A. In this charter—

Q. We know all about that charter.—A. I do not want to go any further. I think I have given you my opinion. If you want to go into the back history



in 1911 and 1912 when the Minister of the Interior took a great deal of interest in the matter, I may tell you that Mr. Henry jointly with me prepared a resolution which was translated into English and I have a copy of it here if you want to see it. It is at your disposal. I am telling you the facts as they are. Besides that there were some representations made to the Federal Government at that time through the Minister of the Interior, or through a friend of his, Dr. M. J. English, ex-President of the Manitoba Conservative Association, and he came to my home and this project was presented to Robert Rogers, where they had some interesting affairs for election funds.

I thank you very much for your courtesy and patience. You have had to hear some of the history, and if you want to know something of the history before the Roberts or the Beauharnois or before Mr. Sweezy was in—I have been promoting this thing to the best advantage, and I have only 10 per cent of the money I have invested personally. I do not want you to collect for me. I can afford to lose it if you have not the time to hear a man who has put up his own money for the benefit of the country and the province which I have had the honour to represent for pretty near twenty years in the House of Commons. Gentlemen, I thank you for your patience. I know it is awkward to listen to this. I have proved, and I want it recognized as a French Canadian, as being the eye-opener of this whole question, although there may be some other people—they are not the eye-opener of the question—I am the only one in the Province of Quebec.

Mr. WHITE: When Mr. Cantin was giving his evidence, at page 767, a letter was spoken of, and there was some suggestion made that he should have had it here. His son, Mr. John Cantin, handed me the letter this morning, and asked that it be filed.

The CHAIRMAN: Let me see it. Is it useful?

Mr. WHITE: Mr. Cantin says here, at the bottom of the page, "in the meantime, we had the Canadian-British Corporation trying to deal with us, and we received a letter from Mr. Watt, Toronto office, advising us that application had been made to Parliament by other influential people, and I think this letter should be on file. It is worth while reading." I asked him whether it was a long letter and he answered, "No, a short letter." And then it followed that he did not have it at hand. It is simply a letter showing that there were some negotiations with the Canadian-British Corporation, which appears to have been a financial organization.

The CHAIRMAN: It might have some bearing on the question. We will file it.

Mr. WHITE: Mr. Griffith, have you that copy of the letter of the 24th of May, 1928, from Mr. Geoffrion's firm to Senator McDougald?

Mr. BERGEVIN: May I be allowed to give you some information which I have found?

The CHAIRMAN: Give it to Mr. White after the adjournment.

Mr. BERGEVIN: Yes.

Mr. WHITE: Mr. Griffith, Mr. Chairman, produced a copy of a letter, I understand, from the file of Messrs. Geoffrion and Prud'homme dated May 25th, 1928. The reference in evidence was to a letter of May 24th. I assume that the entry was made on the 24th. Sometimes lawyers' letters are not sent out on the day they are dictated. This is May 25th, 1928—a copy of a letter from Mr. Geoffrion to Senator McDougald, and it reads as follows:—

MAY 25, 1928.

The Honourable Senator W. McDUGALD,  
Room 405, 145 St. James Street,  
Montreal.

MY DEAR DOCTOR:—

*Re Beauharnois*

Our application, on its face, is the ordinary application by a grantee from a province of water rights in a navigable river, to the Dominion Executive for approval of the plans under the Navigable Waters Act. These come up every day and are dealt with by the Public Works Department every day.

It is suggested that this should have a special treatment and be delayed until the Senate is more fully informed and can advise the Government on the navigation canal project from the Great Lakes to the sea, or until the jurisdiction question as between the Dominion and the Province now pending before the courts is decided.

Our plan can be carried on as proposed, subject to such additional remedial works, if any, that the Public Works engineers may think required, whether there is now, or later, or never, such a navigation canal.

Therefore, there is no reason for delay until a decision is arrived at by the Government, the Commons or the Senate, on that canal question.

It seems unreasonable to delay a development that the Province of Quebec emphatically wants, as the action of the Quebec Legislature and the Quebec Government shows; that will give a large amount of power to Montreal and Ontario; that will fit in with the recommendation of the Government's Advisory Board, should canalization be decided on, by developing in advance the Quebec end, merely because on the bigger question, no decision has been arrived at, when this development may be carried on without interfering with the freedom of the Government to decide later on the bigger project.

This is obviously but a pretext put forward by the Montreal Light, Heat and Power Company and the Shawinigan crowd to perpetuate their monopoly, and it seems that should the Senate Committee report that everything should be suspended, the leader of the Senate should say, or the Senate be told otherwise; that the Government cannot agree to delay desirable power developments that do not interfere with its freedom of action in respect of navigation canalization.

The only suggestion that can be made against that is that the approval of the Beauharnois plans involves an adoption, should there be canalization of the southern route in preference to the northern one, between Lake St. Francis and Lake St. Louis.

The answers are: First, the choice can be made now and be made easily, because the case in favour of the southern route is clear and the Government can, without deciding that the canal will be built, or when it will be built, or how it will be built, altogether say that, if built, it will be built south. This would be preferable to retarding a development of that importance.

Further, it is not even correct that the approval of these plans commits the Government to the southern route. The Government is no more committed to the southern route by this development on the southern side than it is committed to the northern route by the existing developments on the northern side.

Of course, if the Government, in view of the possibility of its deciding later to build a navigation canal takes from us, as it has been suggested when approving our plans, an undertaking that, should the Government decide on canalization on the southern side, we will supply the canal and the locks free of charge, then this would give the Government a financial interest in choosing the southern route, should canalization be decided on, but that is all.

It seems therefore that any recommendation of the sort or other suggestion that nothing at all be done on the St. Lawrence until the canalization scheme is decided on should not be entertained. It would delay indefinitely all power projects on the St. Lawrence. It would delay a project which is wanted by Quebec and needed in the interest of this part of the country, and there is no reason for such delay. The proper attitude is to grant the approval of the plans provided present navigation is taken care of and to take an undertaking from the grantee that, should canalization be decided on on the southern shore, the grantee will do this part of the work.

The other question is that of the reference to the courts.

Let me first say that any experience before the Privy Council in matters of this sort, an experience that can be easily checked by any study of the law reports, will show that a definite settlement of these questions is very far away. The final judgment of the Privy Council on this reference cannot very well be delivered until at least one year from now. It is practically sure that the Privy Council will refuse to answer many of the questions as being too general. It has done so before. It will guard itself very cautiously, because it never does commit itself.

We have been litigating since thirty years nearly on a much simpler question: the question of succession duties as between various provinces and we have had six or seven judgments of the Privy Council. The question is not yet elucidated.

The question respecting companies as between the Dominion and the Provinces began over twelve years ago and there is this year a case from Manitoba where the question is still being disputed.

It will be a very long time before the whole thing is satisfactorily settled and it will be at least a year before even the first Privy Council judgment is obtained.

Is all development in every navigable river to be arrested during that time?

It seems to me that the proper solution, as a general question of policy, is for this Government to let the Provincial developments go as heretofore, except when they are in conflict with any navigation plan of the Government. The Government has always in that case refused to approve the proposed plans, but if the proposed plan that the province has approved of is not in conflict with any navigation plan of the Dominion, or can be reconciled with it, then it seems the proposed development should be approved of. If the Dominion wins to any extent whatever, later on it is clear that the matter will have to be adjusted; thus, to take an extreme case: If it was held that both as to jurisdiction and as to revenue, this Beauharnois development is exclusively federal, the jurisdiction of the province over it for the future would end and the Dominion, for the future, would have exclusive jurisdiction, the rentals stipulated payable to the province would stop and the rentals in the future would be payable to the Dominion, according to that very simple principle that if I buy or lease a piece of property from



Peter and it is later decided that the property belongs to Paul, I don't need to go on paying Peter and if I want to keep the property, I must deal with Paul.

There is nothing to be feared from the suggestion that by approving the plans, the Dominion Government acquiesces. The Dominion Government cannot lose any of its jurisdiction by acquiescing. Certain duties have been imposed on it by the Imperial Parliament, by Imperial Statute, and it cannot make away with them in favour of provinces.

The Dominion Government might very well insert reserves when approving the plans as to any rights that judgments on these references might recognize as being held by it.

Yours truly,

P.S.—I am convinced that all this newspaper agitation and investigation are engineered by the Montreal interests above mentioned and that will stop the moment it does not serve their purpose any more, and it will not serve their purpose any more the moment the Government has ignored it and approved our plans.

(Signed) A. G.

(Copy of letter dated March 5th, 1928, addressed to Hon. Senator W. L. McDougald filed, marked Exhibit 125.)

ROBERT O. SWEEZEY, recalled.

*By Mr. White:*

Q. What would you say, Mr. Sweezy, as to whether the Board of Directors of the Beauharnois Power Corporation Limited, the Beauharnois Light, Heat & Power Company Limited, or any of the subsidiaries involved, have expressed approval, either formally or otherwise, of the expenditure of any of the company's funds in campaign funds?—A. Well, informally, I would say there was a tacit approval.

Q. Any record of it that you know?—A. As for campaign funds, no; not in that direct form.

Q. Not in that direct form.

*By the Chairman:*

Q. You say tacitly and informally. Did the directors talk it over among themselves?—A. At a directors' meeting, no, sir.

Q. At any kind of a meeting?—A. No. Not in any meeting.

Q. You say that someone might have paid these moneys out without the approval of the director—that is the thought I had in mind?—A. No. There was certainly no formal meeting of directors to approve anything about campaign funds.

Q. Was there an informal meeting of the directors?—A. No, sir.

Q. Was there any meeting of the directors that approved the payment out of this fund?—A. No.

Q. Then, who authorized the payment?—A. The authorization was one of official operation, and the subsequent approval of the amount.

Q. You are not making it very clear. Who actually authorized that amount of money to be paid in whatever form it was paid?—A. Myself with the treasurer.

Q. And who authorized you and the treasurer to do it?—A. I just assumed that.

Q. Did you never talk it over with the directors?—A. Not with the directors, except that subsequently I pointed out to the directors certain amounts.

Q. Which had been paid?—A. Which had been paid.

Q. Had been so paid?—A. Yes.

Q. And they had an informal meeting to approve of it?—A. To approve of a loan that was made to a company which I had an interest in, and I was responsible for that loan and put up collateral for it.

Q. That was the method employed to get the money over?—A. Yes, but I am still responsible.

Q. I am not concerned with the method you employed to get the money over. You say that you and the treasurer either formally or informally paid over the fund to which I have made reference, in your evidence heretofore?—A. Yes.

Q. Are you sure about that?—A. Oh, I am sure there was never any meeting of directors.

Q. I am not speaking of that. Did you see the directors and discuss it with them individually?—A. One or two of them I saw.

Q. Which ones?—A. Perhaps more—I do not recall whom.

Q. Tax your memory. Which one or two did you see?—A. I really do not recall. I think I talked it over with Mr. Geoffrion. We never came to any decision on it as far as he was concerned.

Q. Who was the one other you remember you talked it over with?—A. I do not recall, really. I think I must have talked it over with one or two of them, but at the moment I positively cannot recall.

*By Mr. Jacobs:*

Q. Was it not a case of silence gives consent.

The WITNESS: That is largely the point, and difficult to pin it on anybody.

*By Mr. Lennox:*

Q. But the other directors knew of it, didn't they?—A. I do not think they knew of it in details, and I don't suppose they wanted to know.

*By the Chairman:*

Q. What was the limit?—A. Well, there was a loan as it stands now, I think \$150,000.

Q. That was the limit?—A. That was the limit of that loan, yes. Well, it went up to \$200,000 but some has been paid back since. I have paid back some of it, and I hope to pay it all back in time.

*By Hon. Mr. Mackenzie:*

Q. To the company?—A. Yes.

*By the Chairman:*

Q. So that the transaction was consummated by you and the treasurer without the knowledge of the board of directors?—A. Certainly without the formal knowledge of the board of directors.

Q. Did they have informal knowledge?—A. Informally, one or two might have known, and I am not too positive of that. I think they were very vague on anything of the sort.

Q. Therefore, the Board of Directors did not direct, apparently?—A. Well, in matters of this kind, it was in the early stages of the game, and they didn't have much of a chance to know about these things.

Q. Experience has taught me this, in the early stages of the game, a concern can either be wrecked or made successful.—A. All right, thank you.

*By Mr. Gardiner:*

Q. Just a moment, Mr. Sweezey. On page 829 of the evidence, you state there that certain invitations were sent out to certain members of parliament to visit your works last fall. That is correct?—A. Yes.

Q. Have any invitations been sent to any members of parliament other than those you have mentioned?—A. Yes. We had invited from time to time groups of people to visit the works; we would like them to know what the physical development was like.

Q. Including members of parliament?—A. Yes.

Q. You have had members of parliament other than those you mentioned?—A. Yes.

Q. To visit your works?—A. Yes.

Q. Can you name any of those members of parliament?—A. Well, I do not recall any of them, because we had one or two groups on two or three occasions who came.

Q. From both sides of parliament?—A. Yes, from both sides. There was no attempt to take from one side or the other; we simply invited promiscuously.

Q. You paid the expenses in this same manner?—A. We certainly entertained them on the spot, and it cost us money after they came, to take them around and show them the thing, as we would with the Board of Trade of Montreal and the Chamber of Commerce, and other bodies who came from time to time to visit the works.

Q. So, in fact, these three members of parliament from western Canada were just the same?—A. Absolutely.

Q.—as others who had visited the works?—A. Absolutely; there was no suggestion of anything else.

*By Mr. White:*

Q. Is that quite the case. You did pay Mr. Hodson?—A. Well, Mr. Hodson—

Q. You did pay Mr. Hodson \$2,000— —A. But not to do with this thing at all; it was a different mixture of a whole lot of things.

Q. It was through his instrumentality?—A. Yes, but you will believe the \$2,000 is in this way meant for those western members.

Q. I am not doing anything of the kind, and I am not going to have you make that statement, Mr. Sweezey, and if you will listen to what I am going to ask you, I do not think it will be necessary for you to make any such remark. You did pay Mr. Hodson \$2,000?—A. Yes.

Q. And one of his duties, or one of the things which he did in connection with that payment, was to organize this particular visit; is that correct?—A. Yes. Might I say he had a number of other items and expenses to make up the \$2,000 that have not anything to do with this.

Q. You have already told us that, and that was the payment?—A. I was afraid it would leave a wrong impression.

Hon. Mr. MACKENZIE: I suppose, even when this committee visited you, it cost you money?—A. I do not know exactly, but I presume it did.

Mr. WHITE: Now, I am informed by one of the counsel, I have forgotten which, that it has been impossible to get in touch with Senator McDougald's secretary, and therefore he cannot be here. We are practically at the end, so far as I am concerned. There are no witnesses that I desire to call, or can suggest calling, and so we are practically at the end of the evidence, and I assume the committee will have to determine whether we will have Senator McDougald's secretary, or let the matter rest as it is.

The CHAIRMAN: Could he give any useful testimony?

Hon. Mr. MACKENZIE: He would just confirm the evidence given yesterday.



The CHAIRMAN: If he will confirm it.

Mr. LENNOX: Where is he?

Mr. WHITE: He is in Montreal, I believe.

Mr. STARR: He is in Montreal, but we could not get in touch with him at all.

The CHAIRMAN: Is Arthur White of Dominion Securities here? (No reply.) Have you any further evidence to tender to-day?

Mr. MONTGOMERY: I should like to call Mr. Cameron to complete the evidence in which he was interrupted the other day.

The CHAIRMAN: Mr. White, if you have no further evidence for the day, the committee will adjourn, and if it is agreeable, we can assemble at the call of the Chair. I think we would all like to have a chance to read the evidence.

Mr. WHITE: I forgot, Mr. Chairman, beside what Mr. Cameron is to put forward, I wanted to submit some figures from the auditor's statement, which had entirely escaped my notice.

Mr. JACOBS: File them.

ALEXANDER F. KING, called and sworn.

Examined by Mr. White:

*By Mr. White:*

Q. Mr. King, you are an auditor, I understand?—A. Yes, sir.

Q. And engaged with the auditing firm of Price Waterhouse & Company?—A. Yes, sir.

Q. And as such have been acting on my instructions in this investigation?—A. Yes, sir.

Q. Were you furnished by Messrs. P. S. Ross & Sons, the auditors for the Beauharnois Power Corporation, with a balance sheet?—A. Yes, sir, several.

Q. A consolidated balance sheet as of the 31st December, 1930?—A. Yes, sir.

Mr. WHITE: Here is the letter of P. S. Ross & Sons transmitting it. It is dated March 7, 1931:

#### CONSOLIDATED BALANCE SHEET

##### *Auditors' Certificate*

The Shareholders,  
Beauharnois Power Corporation, Limited,  
Montreal.

We have audited the books of account of Beauharnois Power Corporation Limited and its subsidiary Companies:

Beauharnois Light, Heat & Power Company  
Beauharnois Construction Company  
Beauharnois Transmission Company  
Beauharnois Land Company, and  
Marquette Construction Corporation

for the eleven months ended December 31, 1930, and have received all the information and explanations we have required.

In our opinion, the attached Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the consolidated financial position of your Company and its subsidiaries at December 31, 1930, according to the information and explanation received by us and as shown by the books of the Companies.

Exhibit No. 126—Consolidated Balance Sheet, Beauharnois Power Corporation.

Mr. WHITE: Now, take that Consolidated balance sheet exhibit No. 126. I will have to later take a non-audited balance sheet and compare the position with this one as of the 31st of May. The committee will appreciate the differences between that sheet, which has not been audited, and this one which is audited, and which will be easily accounted for.

*By Mr. White:*

Q. This balance sheet shows the total capital of the company to be what?—A. \$31,800,000.

Q. \$31,800,000 made up of what?—A. Five Management Preferred shares of no par value issued at \$5; 1,799,995 Class A Common shares of no par value issued at \$1,799,995, making \$1,800,000 in respect of the capital stock.

Q. That is in respect to Class A Shares?—A. And the Management Shares.

Q. \$1,800,000?—A. \$1,800,000. Then we have \$30,000,000 Collateral Trust Sinking Fund 6 per cent 30 year Bonds due October 1, 1959.

Q. And those two make up the figure of \$31,800,000?—A. Yes, sir.

Q. Which according to this statement is the capital of the companies as consolidated?—A. Yes.

Q. And that appears on the liability side of this balance sheet?—A. Yes, sir.

Q. Then take the assets side. I see a figure here of \$28,768 816.53, and that is the "Cost to date of Properties, Rights and Power Development in course of Construction." Then to that is added "Construction Commitments not yet delivered per Contra, \$4,117,034.85, against which there is on the liability side a similar amount set up under the caption "Construction Commitments not yet delivered per Contra"?—A. Yes, sir.

Q. So that those two items can be eliminated, one balancing the other?—A. Absolutely.

Q. So that deducting that item of \$4,000,000 odd we have the statement that the cost at this date of properties, rights and power development in course of construction is \$28,768,816.53?—A. That is right.

Q. And then there are securities on deposit with the two governments?—A. Yes, sir.

Q. And Workmen's Compensation Commission, a set up of \$1,021 385; investments, \$200,168. I assume that is the Sterling Investment Corporation?—A. Oh, no.

Q. What is that? Oh, that is the Brupbachu Silk Mills Limited?—A. Yes.

Q. \$200,000 of that amount is in connection with the Brupbachu Silk Company at Valleyfield.

Q. Then you have accounts receivable \$184,730.37; Employees Working Funds \$9,385.08; Accrued Interest Receivable \$27,319.22, a total of \$221,434.67.—A. Yes.

Q. And then you have Cash and Marketable Securities in Escrow \$2,325,546.67 and Cash \$186,130.73?—A. Yes.

Q. A total of \$2,511,677.40. Now, before we go to analyze this item of \$28,000,000 odd, would you tell me something about the items of "Accounts Receivable"?—A. Yes, sir.

Q. \$184,730.37. How is that amount made up?—A. Of that amount \$150,000 represents an advance made to the Marquette Investment Corporation. The balance of it largely represents—

Q. Is that the amount spoken of by Mr. Swezey a moment ago?—A. That is right. And the balance of the amount of \$183,000 mentioned by you—

Q. \$184,000 odd?—A. Yes, \$184,000 odd represents largely a charge made by the company for containers purchased by the Beauharnois Construction

Company, for which charge the company would expect to receive credit when the containers were returned. And there is also included sundry amounts owing by employees to the company for the sale of wood, and expenses and so on.

Q. I see. Then the item of "Cash and Marketable Securities in Escrow \$2,325,546.67", what is that?—A. That represents cash and Victory Bonds held by the Royal Trust Company from the proceeds of the bond issue, to be turned over to the company as required for construction purposes.

Q. You mean of the \$30,000,000?—A. Of the \$30,000,000, yes.

Q. So that on the 31st of December, 1930, of the \$30,000,000 there was then available \$2,325,000 odd?—A. That had not been received.

Q. That had not been paid over to the company or to any of the subsidiaries?—A. Yes, sir.

Q. Then going back to the first item \$28,768,816.53, how is that made up?—A. Do you just require the major items in that, Mr. White?

Q. Yes?—A. Real estate \$5,189,783.82; construction outlay such as canal and accessory works, power-house, bulkhead and sub-structures, tailrace, etc.. \$6,193,497.17; equipment and temporary construction work less depreciation thereon \$3,012,337.33; engineering \$1,081,431.50; interest during construction \$1,338,795.43; property rights and interest \$11,357,888.87; and miscellaneous accounts \$559,082.32.

Q. So that there is set up for property rights and interest \$11,357,888.87?—A. Yes, sir.

Q. And have you from the company's auditors an analysis of that account?—A. Yes.

Q. It is transmitted, I see, to the President, Beauharnois Power Corporation Limited, Montreal, on July 7, 1931, with a letter from P. S. Ross & Sons, Chartered Accountants, the letter reading as follows:—

DEAR SIR,—As requested, we have prepared and attach hereto an Analysis of the Properties, Rights and Interests Account which amounts to the sum of \$11,357,888.87, on the records of Beauharnois Power Corporation Limited and its Subsidiary Companies as of December 31, 1930.

We are of the opinion that the items shown in this statement are proper charges to that account, according to the documentary or other evidence, and minutes examined by us.

Now, the totals of that statement, Mr. Chairman, are these: Balance at Debit December 31, 1930, \$11,357,888.87. The first item is:—

#### *Beauharnois Syndicate*

Cash payment to W. H. Robert, et al, under terms of agreement entered into by R. O. Sweezey and W. H. Robert, et al, under date of February 3, 1927, \$100,000.

Then the next item:—

#### *Beauharnois Power Syndicate*

Issue of 10,000 part-interests at \$100 each to the members of Beauharnois Syndicate on April 4, 1928, as part consideration for the taking over of assets and undertaking of Beauharnois Syndicate, \$1,000,000. Net Book Value of Assets acquired \$261,000, \$739,000.

*By Mr. White:*

Q. Might it be said that that \$739,000 represents the profit that the Syndicate made? Would that be a fair way of putting it?—A. I do not think so.

Q. Let me have it from you in accounting terms, please?—A. \$739,000 is the difference between the assets of the Beauharnois Syndicate, namely, \$261,000.



and the par value of the ten thousand part-interests issuable by the Beauharnois Power Syndicate in respect of the acquisition of those assets.

Q. And is that reflected in the consolidated balance sheet, Exhibit No. 126? Is that \$1,000,000 of shares part of the \$1,179,000 Class "A" shares which have been issued?—A. No. The \$1,000,000 represents the par value of the part-interests in the Beauharnois Syndicate.

Q. They are taken over at \$1,000,000 at \$100 a share, and the actual net value of the book assets involved is \$261,000?—A. Yes.

Q. Those assets being transferred to other accounts?—A. Yes.

Q. Which leaves in this account a balance to be charged up to properties, rights and interest, of \$739,000?—A. Yes.

Q. For which the Beauharnois Power Corporation or its subsidiaries received no tangible asset?—A. Right.

Q. Then:—

Payments made to W. H. Robert et al under terms of agreements entered into by R. O. Sweezey and W. H. Robert et al under dates of February 3, 1927, and July 18, 1929, \$1,400,000.

W. H. Robert et al—Charges under terms of agreement entered into by R. O. Sweezey and W. H. Robert et al under date of July 18, 1929, supplementing agreement dated February 3, 1927, \$40,000.

So that the total received by the Roberts was \$1,540,000?—A. Plus 21,000 shares of stock, subsequently.

Q. Then the next item reads:—

Issue to J. P. Ebbs of 2,000 part interests (fully paid) of Beauharnois Power Syndicate in connection with the acquisition of all the Capital Stock of Sterling Industrial Corporation, \$200,000?

—A. Yes.

Q. Put down that item of \$739,000 and then take the \$200,000.—A. Yes.

Q. Then:—

Transfer from Preliminary Expenditure Account of the amount paid by Beauharnois Syndicate covering legal expenses as mentioned in the agreement entered into by R. O. Sweezey and W. H. Robert et al under date of February 3, 1927, \$5,100.82.

and the total figure shown is \$2,484,100.82?—A. Yes.

Q. The next item is:—

Beauharnois Power Corporation Limited and Subsidiaries

Amount paid to Beauharnois Power Syndicate December 17, 1929, as part consideration for the taking over of Assets and Undertaking of Beauharnois Power Syndicate, \$4,750,000.

Net book value of Assets acquired, \$2,500,000.

the difference being \$2,250,000?—A. Yes.

Q. Please take that figure. That, I take it, would represent, as you stated before, the difference between the book value of the assets and the amount of cash paid to the syndicate—is that it?—A. That is quite correct.

Q. Do not adopt my language unless you are satisfied that I am stating it fairly and correctly.—A. That is quite correct.

Q. The next item is:—

Discount of 10 per cent on issue of \$30,000,000 Beauharnois Power Corporation Limited six per cent Collateral Trust Sinking Fund Bonds due October 1, 1959, underwritten by Bankers at 90, \$3,000,000.

Take that figure, please. Then:—

Issue of 770,000 Shares Beauharnois Power Corporation Limited Class "A" Common Stock to Underwriters of \$30,000,000 Beauharnois

Power Corporation Limited six per cent Collateral Trust Sinking Fund Bonds due October 1, 1959, on which a book value of \$1 per share was placed, \$770,000.

Take that figure, please. Then:—

Issue of 21,000 Shares Beauharnois Power Corporation Limited Class "A" Common stock to W. H. Robert et al under terms of agreements dated February 3, 1927, and July 18, 1929, on which a book value of \$1 per share was placed, \$21,000.

Amount of cash paid to Montreal Cottons Limited under terms of agreement dated July 18, 1929, \$1,975,000.

Amount of preliminary expenditure made by Beauharnois Syndicate and Beauharnois Power Syndicate covering test-pits, equipment, legal fees, etc., \$637,788.05.

Put that figure down in a separate place, please: Then:—

Amount of cash paid to McDonald and Robb Limited under terms of agreement dated February 5, 1930, also letters to above party dated October 25 and 28, 1929, and February 5, 1930, \$100,000.

What was that \$100,000 paid for?—A. I must take time to look that up, Mr. White.

Q. Then:—

Purchase by Beauharnois Construction Company of 8,000 shares of the Capital Stock of Marquette Construction Corporation at \$20 per share as authorized by directors January 6, 1930, \$160,000; less: Issue price by Marquette Construction Corporations, \$40,000. Total, \$120,000.

Please put that down to Mr. Aird's account.

Mr. FORSYTHE: In a separate place?

Mr. WHITE: No; I am not satisfied that there is any value in it.

Q. Now, as to the items that I have asked you to take into account, what is the total?—A. \$7,079,000.

Q. And the total capital being as you told us before?—A. \$31,800,000.

Q. And these items amount roughly to about a quarter of the total capital?—A. A little less than 25 per cent.

Q. A little less than 25 per cent of the total capital as of December 31, 1930?—A. Yes.

Mr. WHITE: This analysis of the properties, rights and interests account will be Exhibit No. 127.

### EXHIBIT No. 127

Beauharnois Power Corporation Limited and subsidiary companies:

Analysis of properties, rights and interests account, dated December 31, 1930, by P. S. Ross & Sons, Chartered Accountants.

Q. You have also furnished me with a copy of the Consolidated Balance Sheet of these companies as of May 31, 1931? (*Exhibit No. 128*)—A. Yes.

Q. Which was not audited?—A. No, sir.

Q. Take that document and point out to the committee any major differences in the amounts of the various accounts as compared with the audited balance sheet, Exhibit No. 126?—A. The most important changes in the balance sheets are represented by an increase in the property accounts of \$5,781,185.74. The source of the funds used by the company for those additional property expenditures is covered by bank loan as of May 31, 1931, of \$3,500,000 and funds received from the Royal Trust Company amounting to \$1,430,396.67. There are a few other smaller changes.

Q. The item of \$2,511,677.40 has been changed, of course?—A. Yes, I mentioned that.

Q. You mentioned that?—A. Yes.

Q. What is the balance in that account now as of 31st May?—A. \$895,150.

Q. Showing that of those securities and cash then held in escrow about \$1,800,000.—A. \$1,430,000.

Q. Had been turned over to the company?—A. Yes.

*By the Chairman:*

Q. \$1,430,396.67?—A. That is right. That does not quite balance against the \$5,781,000; the major portion of the difference represents credit received from companies from whom the Beauharnois Companies were purchasing equipment and construction materials.

*By Mr. White:*

Q. It is not a comparatively large amount?—A. \$881,000 odd, sir.

Q. Then, I understand that you have prepared (*Exhibit No. 129*) from information supplied to you by the auditors and other officers of the company what you call a consolidating balance sheet?—A. That was supplied by them.

Q. As of December 31, 1930?—A. Yes.

Q. And there are various items in this sheet which I see you have marked. Do you wish to call them to the attention of the members of the committee? The first item there is \$120,000?—A. That was the item spoken of a while ago, representing the difference between the cost to Beauharnois Construction Company of the capital stock of Marquette Construction Company over the issue price of the stock on that company's books.

Q. Is there anything else?—A. There is nothing here of particular—

Q. The item of \$149,882.06, what is that?—A. On reference to both sides of the balance sheet you will notice that \$149,000 represents depreciation that has been provided by Marquette Construction Company up to December 31, 1930, the entry on the consolidating balance sheet in respect of \$149,000 is reversing the entry against the reserve for depreciation account; that is, washing it out.

Q. I understand so far as the purchase of property of the Beauharnois Company is concerned, that you have not checked back the vouchers to see whether these properties are correctly set up in the books?—A. No, sir.

Q. But you have accepted the statement of the company's auditors?—A. Yes, sir.

Q. That, of course, would be a pretty tedious and long process?—A. It would take a long time.

Q. I understand that you wish to have it understood that your firm is not taking any responsibility for the correctness of that figure?—A. Yes, I would like that understood.

Q. But as to the analysis that you have given here, \$11,000,000 odd, you are satisfied with the correctness of that?—A. Yes, sir.

*By Mr. Montgomery:*

Q. Mr. King, taking first the figures that you have mentioned, \$11,000,000 odd?—A. Yes, sir.

Q. The first item referred to, \$739,000, you stated that the company received no tangible asset, or rather, you assented to Mr. White's question?—A. Yes, sir.

Q. Are you sure of that?—A. \$739,000?

Q. Yes. As a matter of fact, at that time the charter had been obtained or rather amended, had it not?—A. I don't know, sir.



Q. Let me tell you that that item is dated—the syndicate dissolved April 4, 1928, and we have it in evidence that the company obtained an amendment to its charter in March, 1928, giving it the power to do this particular construction, that is, the canal from Hungry Bay to Melocheville.

Mr. WHITE: Giving it the power to do that? How could it do it?

Mr. MONTGOMERY: Yes, under the charter, 11A.

Q. You know nothing about that?—A. No.

Q. Without information as to the facts are you in a position to state that they did not receive tangible assets for the million?—A. The figure of \$261,000 quoted by me, was taken from the balance sheet furnished to me by your auditors, as of April 4, 1928.

Q. And it represented to you what the first Syndicate had acquired, did it not, indicating the first payment to Mr. Robert, and so on?—A. The first payment to Mr. Robert was included in the \$261,000.

Q. I am merely citing that as an item that goes to make up the \$261,000?—A. That is right.

Q. You do not know what work the first Syndicate had accomplished before turning over the second syndicate in March?—A. No, sir.

Q. Consequently, you are not in a position to say whether they received any value for the million?—A. No, sir.

The CHAIRMAN: Is anybody in a position to say.

Mr. MONTGOMERY: I think it is an important thing to know. A group who had acquired a charter from Quebec empowering them to carry out this project, and turning it over, was entitled to some value for it. It is a matter of appreciation, of course, as to the amount. I think it would be rather a modest amount.

The CHAIRMAN: Or anybody in his position.

Mr. MONTGOMERY: I think that is a matter of common knowledge, that the group who had acquired a charter from the Quebec Government to carry out this project and turning it over, was entitled to some value for it. This is a matter of appreciation, of course—

The CHAIRMAN: How would you go about fixing the value?

Mr. MONTGOMERY: They would fix it themselves. The project, as it then stood, after they had finished a year and a half's work on the thing on which they had expended, in acquiring actual physical property, \$261,000, they turned the project over, as was, for a million. The value is an arbitrary basis.

The CHAIRMAN: The difference would be \$739,000.

Mr. MONTGOMERY: Yes, precisely; but I do not think you can say from that that they did not receive a tangible asset.

Mr. WHITE: What tangible asset does my learned friend suggest?

Mr. MONTGOMERY: Shares in the Beauharnois Light, Heat & Power Company, the properties which had been purchased including—

Mr. WHITE: That is included in the \$261,000.

Mr. MONTGOMERY: I am talking about the million. They received the project which they had acquired with the rights to develop a small amount of power out of the old feeder canal, and which had then become a project empowering the company to develop this proposition from Hungry Bay to Melocheville, not through the old feeder canal at all. In other words, they had acquired a project which they turned over at large potential values.

The CHAIRMAN: It was a capitalization of the potentialities?

Mr. MONTGOMERY: Call it that if you like. I would not have the impression left in the record that it was turned over for nothing.

Mr. WHITE: I would like to know what tangible asset was turned over

Mr. MONTGOMERY: I have not suggested the word tangible. The tangible assets that were turned over were the shares of the Beauharnois Light, Heat & Power Company, which was a very different proposition from the shares which were acquired by the first syndicate.

Mr. JACOBS: This is a case where the one loaf and fish were sufficient to produce loaves and fishes for a multitude to eat.

Mr. WHITE: It requires a miracle to do it.

Mr. JACOBS: Yes. We have miracles in these days too.

The CHAIRMAN: You are cashing in on your hopes that you realized.

Mr. MONTGOMERY: It was not cashing in on hopes but something that had been attained.

The CHAIRMAN: You are getting credit for it in the \$261,000.

Mr. MONTGOMERY: No, no credit. The \$261,000 does not absorb any credit between the value of those shares and the shares that the company required to carry out a small project in the feeder canal—shares in a small contract to carry out the Hungry Bay-Melocheville project.

Mr. JACOBS: If you were trying to get anything of that sort in Quebec, would you say what it would cost to get it?

The CHAIRMAN: I am not persuaded that it is so difficult.

Hon. Mr. MACKENZIE: Any large organization must have preliminary assets before they can function.

*By Mr. Montgomery:*

Q. Now, the same thing would apply to the \$2,250,000, the next large item which you touched, the amount paid to the Beauharnois Syndicate in consideration, taking over the assets and undertaking of the Beauharnois Power Syndicate. You have no information as to the status of what was turned over by the Beauharnois Power Syndicate as compared with what they had acquired from the original Beauharnois Syndicate?—A. No, sir; the figures were taken again from the balance sheets.

*By the Chairman:*

Q. You say that the figures were again taken from the balance sheets supplied by the Ross Company?—A. Yes, sir.

Mr. MONTGOMERY: Precisely.

*By Mr. Montgomery:*

Q. And you, perhaps, are not aware that in the interval between the two Syndicates they had obtained the approval of the plans at Ottawa, and the project had developed up to the point it reached on December 17, 1929?—A. No, sir; I saw no assets on the books in respect to that.

Q. For instance, you did not see the two large power contracts which have been referred to as having made this development possible, included as an asset on the books?—A. No, sir.

Mr. JACOBS: Is it not taken in?

Mr. MONTGOMERY: No. They are absorbed in that figure of \$2,500,000 which my learned friend, Mr. White, had the witness point at as if it had been pure water.

Mr. WHITE: I have not characterized it as water at all, or in any other way.

Mr. MONTGOMERY: I assumed—

Mr. WHITE: Don't assume.

Mr. MONTGOMERY: Mr. White, I am at liberty to make my own assumption.

Mr. WHITE: Not to make it publicly.

Mr. MONTGOMERY: I will make my assumption publicly as often as I wish.

Mr. WHITE: Not without having them contradicted by me.

The CHAIRMAN: That is the first time I knew there was water used.

Mr. MONTGOMERY: I mentioned the word water because I assumed that that is my learned friend's reason for putting that in. That is my assumption, whether you agree with it or not.

Hon. Mr. MACKENZIE: That is my assumption too.

Mr. WHITE: I would be inclined to think I was right if I did assume that. I carefully refrained from making any characterization at all, leaving it entirely to the committee to draw their own conclusions.

The CHAIRMAN: Taking the figures down and checking them, I was going to ask the witness myself, and I had it in mind to use the word "water" in my question.

Mr. MONTGOMERY: I have anticipated it in my question.

*By the Chairman:*

Q. The question I was going to ask the witness was: is it fair to assume from the figures supplied to you by the auditors of the company that \$7,079,000 is what is usually characterized by the unthinking masses of the people as water?

—A. My answer would be yes.

The CHAIRMAN: I followed the figures carefully.

Mr. MONTGOMERY: You will permit me then to start again upon that question. Perhaps I have no hope of convincing you, Mr. Chairman, but yet I would like—

The CHAIRMAN: You provoked this yourself, Mr. Montgomery, by the suggestion of water.

Mr. MONTGOMERY: But, Mr. Chairman, I think I just have your statement that I merely anticipated the question that you were about to ask.

The CHAIRMAN: I was not going to ask it at all. I was almost on the point of asking it but I did not for fear it might create in the minds of some members of the committee an anxiety that probably should not be created, but you having opened it up, I think I was almost bound to ask the question.

*By Mr. Jacobs:*

Q. Is there anything in the books at all fixing the value of these?—A. There is nothing in the statements, Mr. Jacobs, that I have been furnished with.

*By Mr. Montgomery:*

Q. Consequently, the value of those contracts would be absorbed in the \$2,250,000?—A. Yes, sir.

Q. And also the value of the various agreements which had been made with the Dominion government and the Quebec government?—A. Correct.

Q. And are you not in a position to place a value on those?—A. No, sir.

Q. Consequently, are you in a position to say that it is "water"?—A. I cannot say that.

Q. You cannot say that?—A. No.

*By the Chairman:*

Q. What is your answer?—A. I could not say it is water.



*By Mr. Montgomery:*

Q. Now, the item "discount on bonds" is not an unfamiliar item in balance sheets?—A. No, sir.

Q. It is quite an ordinary item in the balance sheets of manufacturing and industrial companies, is it not?—A. Yes, sir.

Q. You are not, I hope, treating that as anything improper?—A. No, sir.

Q. Or as being what the Chairman has referred to as water?

The CHAIRMAN: A term approved of by you, Mr. Montgomery, not by me.

The WITNESS: I think the expression "water" usually refers to items of a strictly intangible nature. The \$3,000,000 discount may fall under that classification.

*By Mr. Montgomery:*

Q. What I am getting at, Mr. King, is this—and perhaps you can help me—you see nothing improper?—A. Absolutely nothing.

Mr. JACOBS: Everything is pure.

The WITNESS: 10 per cent is not unusual.

*By Mr. Montgomery:*

Q. 10 per cent discount on bonds is not unusual?—A. No, sir.

*By the Chairman:*

Q. Would it be fair to put it this way, that the discount on the bonds and securities of any venture is governed by the hazard?—A. Yes, sir.

*By Mr. Montgomery:*

Q. We have it in evidence that these are second charge debentures with the permission to put \$50,000,000 ahead of them.

Mr. JACOBS: I think they got a very high price for their bonds.

Mr. WHITE: It did not please Mr. Jones.

*By Mr. Montgomery:*

Q. Now, the issue of a stock bonus with a second charge security is not unusual, is it? I should say perhaps particularly with a second charge security?—A. I do not know, sir.

Q. So you are not in a position to either commend or criticize?—A. No, sir.

Hon. Mr. MACKENZIE: What item is that?

Mr. MONTGOMERY: That is \$770,000. I have not bothered with the item of \$200,000 for Sterling because we have had Sterling ad nauseum. I think that covers practically every figure that makes up the \$7,000,000.

*By the Chairman:*

Q. Mr. King, I am not very good at figures myself but I have the impression in my mind that in addition to the \$30,000,000 of bonds that were first issued, and in addition to the dealings with the Class A Common Shares, the company at a subsequent time authorized the issue of up to \$50,000,000 worth of another class of security, and it is by their dealings with those securities through the agencies, I believe, of the banks or Trust companies, that they are presently carrying on their operations, is that right?—A. That is correct, sir. The \$3,500,000 that I mentioned a while ago was borrowed from the banks on this security which you refer to.

Q. Yes. And am I correct in this; that from time to time as the company presently is requiring moneys for their work the transaction is that they increase

SPECIAL COMMITTEE

borrowings and place those interim bonds with the lenders as security?—  
that would be my understanding.

*By Sir Eugène Fiset:*

Q. Are they not limited at the present time to \$20,000,000?—A. The balance sheet as of May, 1931, shows \$20,000,000.

The CHAIRMAN: I understood there was a resolution on the books of one of the companies authorizing them to go up as high as \$50,000,000.

Mr. FORSYTHE: I think it is \$20,000,000, Mr. Chairman.

The CHAIRMAN: I have in mind probably Mr. Henry's evidence, that the estimated cost of the project to date would be \$76,000,000 and that, therefore, \$50,000,000 would be in his estimation the total borrowings that would have to be made over and above the original proceeds that they received from the sale of the bonds. That is correct, is it?

The WITNESS: Yes, sir.

Mr. GRIFFITH: It is in evidence, I think, that we anticipate that we will require—and authorized—\$50,000,000 but that as a temporary expedient \$20,000,000 have now been authorized. That is the resolution to which you refer.

The CHAIRMAN: Of which \$9,000,000 has been borrowed.

The WITNESS: As at May 31 it was \$3,000,000, and \$6,000,000 has been borrowed, but \$9,000,000 par value of bonds have been deposited as collateral.

The CHAIRMAN: Is there any further question that any member of the committee would like to ask Mr. King? Do any of you gentlemen desire to ask Mr. King any further questions? What about you, Mr. Hellmuth.

Mr. HELLMUTH: No, Mr. Chairman.

Mr. WHITE: There is Mr. Montgomery's suggestion about filing certain documents by Mr. Cameron.

Mr. MONTGOMERY: That will only take a minute. I just want to get those remaining pages spread on the record.

KENNETH M. CAMERON, recalled.

*By Mr. Montgomery:*

Q. Mr. Cameron, when you were being examined at page 299, you had before you an exhibit entitled "Memorandum regarding Power Development in various parts of Canada, approved by the Federal Government under the Navigable Waters Protection Act", and you read a list of those particular developments which is reproduced on page 299 of the record, and it forms a part of that exhibit file B17; that is correct, is it not?—A. Yes, sir. (Exhibit No. 17.)

Q. Now, attached to that memorandum, as part of B-17, is a short description of several diversions which are enumerated in the list which is attached?—A. Yes.

Q. And I would like to have spread upon the record, for the convenience of the committee, the remaining sheets of that exhibit. I would like to have that exhibit as they show, do they not, the extent of the diversion, the approximate location?—A. Yes, Mr. Montgomery.

Q. And those are all taken to be diversions of navigable streams which have been authorized under the Navigable Waters Protection Act by orders in council?—A. With the exception, I think, Mr. Montgomery, of the Winnipeg Electric Company on the Winnipeg River.

Q. And that was a development back in 1894, was it?—A. The development proceeded with by the company.

Q. Have you anything to add to the description as given in those pages?  
—A. No, Mr. Montgomery.

Mr. JACOBS: How many are there, Mr. Montgomery?

Mr. MONTGOMERY: Twenty-five.

Mr. JACOBS: In different parts of Canada.

Hon. Mr. MACKENZIE: You are putting that on the record, are you not?

Mr. MONTGOMERY: Yes.

804-1-C—page 284

MEMORANDUM REGARDING POWER DEVELOPMENTS IN  
VARIOUS PARTS OF CANADA, APPROVED BY THE FEDERAL  
GOVERNMENT UNDER THE NAVIGABLE WATERS PRO-  
TECTION ACT

This memorandum divides itself into five classes of Water diversions;  
as follows:—

1. Open channels across dry land.
2. Closed channels across dry land.
3. Diversions from one stream or channel to another.
4. Diversions in the stream itself.
5. Diversions through channels artificially constructed for navigation (canals).

*Examples of Class 1:*

- (a) Queenstown-Chippawa Power Canal at Niagara Falls.
- (b) Dominion Power and Transmission Company near St. Catharines.
- (c) Great Lakes Power Company, Sault Ste. Marie.
- (d) Hydro Electric Power Commission of Ontario, Nipigon River, Cameron Falls.
- (e) Alcoa Power Company, Saguenay River at Chute a Caron.

*Examples of Class 2:*

- (a) Ontario Power Company, Niagara Falls.
- (b) International Paper Company, Grand Falls, St. John River, N.B.
- (c) Shawinigan Water and Power Company, St. Maurice River at Shawinigan Falls.

*Examples of Class 3:*

- (a) Winnipeg Electric Company, Winnipeg River, Pinawa Channel.
- (b) Montreal Island Power Company, Riviere des Prairies, and Riviere des Milles Iles.
- (c) Duke Price Power Company, Saguenay River, Ile Maligne.
- (d) Ottawa River Power Company, Calumet Island, Bryson, Quebec.

*Examples of Class 4:*

- (a) Winnipeg Electric Company, Winnipeg River, Pinawa Channel.
- (b) Montreal Light, Heat & Power Consolidated, Lachine Rapids, development.
- (c) Cedars Rapids Manufacturing and Power Company, Cedars Rapids, St. Lawrence River.
- (d) Carillon Construction Company, Carillon Dam, Ottawa River.
- (e) Ottawa River Power Co., Calumet Island, Bryson, Que.
- (f) Shawinigan Water and Power Company, St. Maurice River, La Gabelle.
- (g) Laurentide Power Company, St. Maurice River, Grand'Mere, Que.



*Examples of Class 5:*

- (a) Dominion Power and Transmission Company from Niagara River and Old Welland Canal near St. Catharines.
- (b) Provincial Light and Power Company, from Soulanges Canal at foot of Cedars Rapids.
- (c) Various powers from Lachine Canal near Montreal.
- (d) Cornwall Canal, near Iroquois, Ont.
- (e) Canadian Light and Power Company, abandoned old Beauhar-  
nois Canal, near St. Timothee, Que.

## BRIEF DESCRIPTION OF THE ABOVE POWERS

*Class 1a—Queenstown-Chippawa Power Development*

Authorized 1917-1921. Twelve and a half miles of artificial waterway, diverting water from Grace Island Pool, Niagara River, above Niagara Falls, through four and a half miles of the Welland River reversed in flow, then through about eight miles of canal to Queenston, where the water is returned to the Niagara River.

*Class 1b—Dominion Power and Transmission Company*

The water is taken from the Niagara River and the old Welland Canal through a series of artificial pools or lakes across the Niagara Peninsula and discharges over the escarpment near St. Catharines into Twelve-Mile Creek and then into the Niagara River above Lake Ontario.

*Class 1c—Great Lakes Power Company, Sault Ste. Marie*

This development takes water from Lake Superior above St. Marys Rapids through a side canal and waterway and discharges into St. Marys River at almost the level of Lake Huron, a total length of diversion of between one and two miles.

*Class 1d—Ontario Hydro, Nipigon River*

The Ontario Hydro built a dam across the river at Cameron Falls and diverted the whole flow through a side canal and tail race on one side of the river, approximately one half mile long.

*Class 1e—Alcoa Power Company, Saguenay River, Chute a Caron*

The Alcoa Power Company is now constructing a large diversion canal from Chute a Caron on the Saguenay River across country to the Shipsaw River and thence back to the Saguenay, the total length believed to be between four and a half and five miles.

*Class 2a—Ontario Power Company, Niagara Falls*

The Ontario Power Company takes water from the Niagara River above the Falls through a series of pipe lines from thirteen and a half to eighteen feet in diameter and discharges the water below the Falls, the total length of diversion being about one and a half miles.

*Class 2b—International Paper Company, Grand Falls, St. John River, N.B.*

The diversion is made by means of a tunnel through rock cutting across a point underneath the town of Grand Falls, N.B., the length of about one-half mile.

*Class 2c—Shawinigan Water and Power Company, Shawinigan Falls,  
St. Maurice River*

There are a number of diversions at Shawinigan Falls from a point above the crest of the Falls to the pool below, by means of closed waterways, mostly of the pipe line variety, a few hundred feet in length and for a head of about 150 feet.

*Class 3a—Winnipeg Electric Company, Winnipeg River, Pinawa Channel*

This company built a dam across one channel of the Winnipeg River and diverted part of the flow into a small overflow channel transforming it into an artificial waterway about fifteen miles in length, with the power house at the lower end. Built about 1894.

*Class 3b—Montreal Island Power Company, Rivière des Prairies and  
Rivière des Milles Iles*

These two rivers are outlets of the Ottawa River, one situated on either side of Ile Jesus. It is understood arrangements are being made to divert water from one channel to the other to gain the advantage of higher head at Terrebonne.

*Class 3c—Duke Price Power Company, Ile Maligne and Lake St. John,  
Saguenay River*

This development closes the channel known as the Little Discharge, and diverts the water through the other channel known as the Grand Discharge for use at Ile Maligne and has regulating gates on the Little Discharge outlet for flood conditions.

*Class 3d—Ottawa River Power Company, Calumet Island, Ottawa River,  
Bryson, Que.*

The Bryson development consists of a dam across the North Channel, of the Ottawa River between Calumet Island and the Quebec shore, which raises the water level to the level of the Ottawa River at the head of the island, and then a side canal from the dam is built along the shore of Calumet Island, discharging through a power house and tail race near the foot of Calumet Island into the Ottawa River. The South Channel of the Ottawa River is not yet dammed.

*Class 4a—Winnipeg Electric Co., Winnipeg River, Pinawa Channel*

See description under Class 3a, as this is a combination of Classes 3 and 4.

*Class 4b—Montreal Light, Heat and Power Consolidated,  
Lachine Rapids*

This development was built in the last decade of the 19th Century and consists of long wing-wall, parallel to the north shore of the St. Lawrence River in the Lachine Rapids, discharging through a power house built across the artificial waterway so created, and thence into a tail race in the lower part of the rapids. It extends about a mile up and down stream.

*Class 4c—Cedars Rapids Manufacturing and Power Company*

This plant is built in the St. Lawrence River about midway between Lake St. Francis and Lake St. Louis, in the Cedars Rapids and extends from Ile au Vache at the upstream and to a point about opposite Ste. Timothee at the downstream end. It consists of a long artificial dyke built parallel with the north shore of the St. Lawrence River, combined with an excavated canal or waterway across Point du Moulin, so that the plant is really a combination of Classes 1 and 4.

*Class 4d—Carillon Construction Company, Ottawa River,  
Old Carillon Dam*

This plant is situated at the southerly end of the old Carillon dam and was built by cutting a short canal into the south bank of the river and discharging the water through a power house to a point below the dam and joining the power house to the south end of the dam.

*Class 4e—Ottawa River Power Company, Calumet Island, Bryson, Que.*

This plant is really a combination of Class 3 and Class 4 and has already been described under Class 3d.

*Class 4f—Shawinigan Water and Power Company, la Gabelle,  
St. Maurice River*

The plan at La Gabelle consists of a series of structures completely across the St. Maurice River, with the water conducted to one side where it goes through the power house and is discharged into the pool downstream.

*Class 4g—Laurentide Power Company, Grand'Mere, St. Maurice River*

The Laurentide plant consists of a series of structures completely across the St. Maurice River near Grand'Mere, with the water led to one side of the river and discharged through the power house structure into the pool below.

*Class 5a—Dominion Power and Transmission Co., Near St. Catharines.*

This plant is really a combination of Classes 1 and 5 and is described under Class 1b.

*Class 5b—Provincial Light and Power Company, Soulanges Canal*

This diversion makes use of the Soulanges Canal as its head race for about two-thirds the length of the canal, and uses many times the amount of water required for navigation purposes.

*Class 5c—Various Powers from Lachine Canal, Near Montreal.*

A number of diversions are found along the Lachine Canal near Montreal after the water has passed through many miles of waterway.

*Class 5d—Cornwall Canal Near Iroquois, Ont.*

The Cornwall Canal is used for power purposes near Iroquois similarly to other canals.



*Class 5c—Canadian Light and Power Company, old Beauharnois Canal near Ste. Timothée*

The old Beauharnois Canal on the south side of the St. Lawrence is used as a head race or waterway for the power plant situated near Ste. Timothée, Que., the intake being near Valleyfield. The Canal has been abandoned for navigation purposes for many years and is now used entirely for power, diverting water from Lake St. Francis for that purpose and discharging it into the St. Lawrence River near the foot of Cedars Rapids.

*By Mr. Montgomery:*

Q. There is one that I would like to ask you about, and that is the Grand Falls one on the St. John River. You are familiar with that, are you not?—

A. Yes, I am.

Q. There were two Orders in Council, were there not, affecting that?—

A. Yes.

*By Mr. Jacobs:*

Q. Is that an international stream?—A. Not at the point of development. It becomes an international stream about two miles above and the works raise the water in the international section.

*By Mr. Montgomery:*

Q. And consequently had to be approved by the International Joint Commission?—A. Yes.

Q. The approval of this scheme as I understand it, was asked for by the New Brunswick Power Commission first, was it not?—A. Yes.

Q. And approval had been granted them?—A. Yes.

Q. The New Brunswick Power Project was subsequently taken over by the International Paper Company, was it not?—A. By the St. Lawrence River Power Company.

Q. Which is a subsidiary?—A. Yes.

Q. Was it carried out as first approved?—A. No. They made a change in it. The scheme was to throw a dam across the St. John River just above the falls, at Grand Falls, with sluice gates to regulate the level of the river, and the water was to be taken through an intake which immediately up-stream on the south side abutted on the dam. The scheme as built, and as subsequently approved, changed that intake about its own length further up-stream.

Q. Changed the intake?—A. Changed the intake up-stream approximately the length of the original intake.

Q. Change the intake upstream?—A. Yes approximately the length of the original intake. The development originally was from that point on an alternative; they showed an alternative on an overland canal to carry the water to the brink of the declivity and then pass it down through penstocks to the power house. The alternative to that was a tunnel, and they finally constructed the tunnel.

Q. Now, did you submit to the Department of Justice the question whether it was necessary to go through the formalities under the Navigable Waters Protection Act?—A. Yes, and we were advised that if the change was not a material one the approval was not necessary.

Q. And, in fact, they were not required to get that approval?—A. No.

*By Mr. Lennox:*

Q. You have been listening to the evidence since you gave your evidence before?—A. Most of it.

Q. In view of what you have heard are you now of the opinion that it was the intention of the company to ultimately take over the whole flow?—A. I never had any doubt but that they would come back and apply for more.

Q. You seemed to be in doubt when you gave your evidence before?—A. I could not have been in doubt. It was not my intention to leave that impression.

The CHAIRMAN: You did leave it.

*By Mr. Lennox:*

Q. What is your impression now?—A. My impression was that the company would certainly come back and apply for approval for the diversion of more water up to practically the whole development flow of the river.

*By the Chairman:*

Q. And that is the reason why the banks were put so far apart?—A. Yes. I think in fairness to myself I should point out, speaking from memory, that when Mr. Geoffrion appeared before the then Minister of Public Works with his associates at the hearing, he read into the record an amended application; but subsequently, if my memory serves me rightly, he said at the same hearing that the company would certainly come back and apply for more water.

Q. Do you remember being asked why the banks were put so far apart?—A. By the committee? By you?

Q. Yes?—A. I remember the discussion that took place when I was giving evidence.

*By Mr. Lennox:*

Q. Do you remember your answer?—A. I cannot remember the exact words.

Q. At any rate, you are now satisfied that the reason the banks were put so far apart was because of the increased flow?—A. Yes; I never had any other impression.

Mr. WHITE: In fairness to Mr. Cameron may I point out what he stated in answer to a question at page 265 of the Evidence:—

Q. You knew all about what they were doing?—A. Yes, sir. I never had any doubt in my mind that they would come back and ask for more water.

Mr. MONTGOMERY: I would like to spread on the record further extracts from Exhibit No. 17-804-1D, showing the correspondence with Washington over this approval.

Hon. Mr. MACKENZIE: What is the date of that?

Mr. MONTGOMERY: The 22nd March, 1929, just following the Order in Council. It was reported to Washington, and in this file are Washington's acknowledgment, and so on. There is quite a long letter here which I would like to have spread upon the minutes of the proceedings from the Hon. Vincent Massey to the Hon. Frank B. Kellogg.

Mr. WHITE: Mr. Kellogg being Secretary of State of the United States?

Mr. MONTGOMERY: Yes. The letter reads as follows:—

22nd March, 1929.

SIR,—I have the honour to state that I have been instructed by the Secretary of State for External Affairs to bring to your attention the approval of His Majesty's Government in Canada of the application of the Beauharnois Light, Heat and Power Company, to divert 40,000 cubic feet of water per second from the St. Lawrence River in the national section between Lake St. Francis and Lake St. Louis. The Company

was granted an Emphyteutic Lease by the Government of the Province of Quebec on the 23rd of June, 1928. Application was thereupon made to the Government of Canada pursuant to the provisions of Section 7, Chapter 140, Revised Statutes of Canada, 1927, the Navigable Waters Protection Act.

This application was examined by a Committee of Engineers composed of K. M. Cameron, Chief Engineer, Department of Public Works; Duncan W. McLachlan, of the Department of Railways and Canals, who was Chairman of the Canadian section of the Joint Board of Engineers; L. E. Côté, Chief Engineer, Department of Marine; and J. T. Johnston, Director of the Dominion Water Power and Reclamation Service.

The Committee was of the opinion that the site and works proposed in the plans and application filed by the said Company, would not impede or interfere with navigation on the St. Lawrence River if the conditions recommended by the Committee—and which are set forth in the Order in Council referred to below—were complied with by the Company; having consideration to the interests of the country as a whole, the Committee was of the opinion that if the works were constructed in accordance with the application and plans, subject to the said conditions, they would be efficiently utilized in connection with, and as part of, any feasible and economical scheme for the deep waterway development of the St. Lawrence River.

Upon full consideration His Majesty's Government in Canada decided that approval of the application should be granted, subject to the following, among other, conditions:—

Then follows an extract from the conditions, and then:—

I have the honour to enclose a copy of an Order in Council approved by His Excellency the Governor General of Canada, on March 8, 1929, in which the construction of the proposed works is approved on the conditions set forth in the Order.

I have the honour to be,  
with the highest consideration,  
Sir,

Your most obedient, humble servant,  
(Sgd.) VINCENT MASSEY.

The Honourable Frank B. Kellogg,  
Secretary of State of the United States,  
Washington, D.C.

Now, leaving aside the formal acknowledgment, the letter from the Secretary of State at Washington to the Hon. Mr. Massey reads as follows:—

March 29, 1929.

SIR,—I have the honour to acknowledge the receipt of your note of March 22, 1929, with which you transmit a copy of an Order in Council, signed by His Excellency, the Governor General of Canada, on March 8, 1929, approving the application of the Beauharnois Light, Heat and Power Company, for permission to develop power in the national section of the St. Lawrence River, between Lake St. Francis and Lake St. Louis.

I note the conditions on which the application of the company was approved.



I thank you for your courtesy in furnishing me with a copy of the Order in Council.

Accept, Sir, the renewed assurances of my highest consideration.

For the Secretary of State.

The Honourable Vincent Massey,  
Minister of the Dominion of Canada.

AM: EVB: SS 711.42157 Sa 29/581.

Mr. GARDINER: Is that all the correspondence in regard to that?

Mr. MONTGOMERY: That completes the correspondence with Washington.

Hon. Mr. MACKENZIE: There was some correspondence previous to that, in December, 1928.

Mr. MONTGOMERY: I have no record of that.

Mr. WHITE: I might say, Mr. Chairman, with reference to my question of a few moments ago as to the authority for the issue of further bonds, that in the minutes of the Beauharnois Light, Heat and Power Company there is a minute of a meeting of the directors dated January 15, 1931, at which a resolution was passed that the company create an issue of ten year 6 per cent First Mortgage Bonds to the aggregate principal amount of \$20,000,000.

Mr. MONTGOMERY: Before we break up this happy party may I state I am informed that it will be necessary to make a motion for permission to withdraw the originals of a number of exhibits filed and to substitute copies for them. I understood that this had been dealt with in the minutes as we went along, but I am informed that a great many exhibits are minute books, etc.

The CHAIRMAN: We will see that a resolution is passed authorizing the removal of such exhibits from the files if desirable.

Mr. MONTGOMERY: I think copies were handed to Mr. White at the time the books were taken over. Is that correct, Mr. White?

Mr. WHITE: Perhaps it is correct. I made no check of it. I will endeavour to do so.

Hon. Mr. MACKENZIE: Is it the intention of the committee to hear arguments by counsel?

The CHAIRMAN: I do not think it is necessary. I do not know whether I could stand it or not.

Hon. Mr. MACKENZIE: Counsel may desire to offer argument.

*By Mr. Stewart:*

Q. Mr. Cameron, with reference to the Sterling Industrial Corporation and its application to you or your Department of July 5, 1924, and the reply sent by your Department on July 11, 1924 (page 461 of the Evidence), you point out that there are regulations in your Department which they have not lived up to. You state, or the departmental letter states, that they must comply with the provisions of the Navigable Waters Protection Act; that the plan and description had not been deposited with the Registrar; that the application was not advertised; and that no evidence had been submitted to show that the company had the right to use the site of the proposed works. Now, were any steps taken by that company to comply with those requests of yours?—A. To the best of my knowledge, no. Somewhere in your record appears a precis which I made at Mr. Morin's request.

Q. There has been no further action taken by that company to comply with the regulations as set forth in your letter?—A. No.

Q. Then would they have any standing in your Department with their applications?—A. Subject to legal opinion on that matter I would consider they would not have any.

Q. I beg your pardon?—A. Subject to legal opinion on that matter I would not think they would have much.

Q. If they failed to comply with your request to live up to the regulations their application would be of no value, in your opinion?—A. I would not think so.

*By Sir Eugène Fiset:*

Q. Was there any time limit set aside within which they must comply with the conditions mentioned in that letter?—A. Not at all.

Q. So they could comply with them at any time?—(No answer.)

*By Mr. Stewart:*

Q. They are working on their own ground now, are they not?—A. Yes.

Mr. JACOBS: We are simply going into the question all over again. We discussed that for days here.

The CHAIRMAN: General Stewart has not taken up much of the time of the committee.

Mr. JACOBS: No, he has not. I think we should move a vote of thanks to the General for that reason.

Mr. STEWART: There are other questions I would like to ask.

The CHAIRMAN: I will endeavour, gentlemen, to let you know if we intend to hold another public hearing. I doubt that we will, but if we do I will endeavour to let all interested parties know through the clerk of the committee.

Adjourned to the call of the Chair.





# EXHIBITS FILED

Exhibit No.		See Evidence at Pages
1	Order in Council, P.C. 422, 8th March, 1929, <i>re</i> Beauharnois Light, Heat and Power Company.....	3, 4, 21-37, 39, 58, 67-72, 106-111, 137-139, 146, 175-6, 195, 212, 221, 280, 282, 308, 333, 336, 389, 609
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5	Order in Council, P.C. 1244, 19th July, 1929, approval of agreement between Dominion Government and Government of Province of Quebec.....	8, 10
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7	Orders in Council, P.C. 1758, 9th August, 1900; P.C. 1150, 24th September, 1901; P.C. 2145, 23rd October, 1929; P.C. 2201, 6th November, 1929; <i>re</i> leases of Montreal Cotton Company development works.....	12
7A	Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B.L.H. & P. Co. and H.M. the King.....	334
8	Orders in Council, P.C. 3763, 28th December, 1895; P.C. 1566, 8th July, 1915; P.C. 2202, 6th November, 1929; <i>re</i> leases Montreal Cotton Company, renewal lease, and sub-lease of Beauharnois Light, Heat and Power Company.....	14, 711
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9	Orders in Council, P.C. 1710, 24th July, 1900; P.C. 496, 9th March, 1923; P.C. 2203, 6th November, 1929: <i>re</i> lease Beaubien Milling Company, renewal lease of Montreal Cotton Company, and sub-lease to Beauharnois Light, Heat and Power Company.....	18
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10	Order in Council, P.C. 2386, December 24, 1906. Lease between Dominion Government and McIntyre & Robert.....	40, 46
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12	Order in Council, P.C. 2168, December 9, 1909. Lease to B. Robert.....	47, 53
13	Order in Council, P.C. 3136, December 18, 1920, amending lease in P.C. 2168.....	54
14	Order in Council, P.C. 1198, July 30, 1926, permitting Canadian Light and Power Company to reconstruct certain works referred to in lease of December 10, 1907, P.C. 2168.....	54
15	Order in Council, P.C. 1465, July 23, 1927, permitting Canadian Light and Power Company to remove swing bridge over lock 13.....	54
16	Order in Council, P.C. 2239, December 22, 1928, renewal lease to Canadian Light and Power Company.....	54

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18	Copy of letter, H. B. Griffith, Secretary, Beauharnois Light, Heat and Power Company to Mr. J. B. Hunter, Deputy Minister of Public Works, also detailed plans of Beauharnois Light, Heat and Power Company, August 20, 1930. (Original of letter is on page 34 of Exhibit No. 17).....	60, 61, 63, 232, 263, 282, 325
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34	Copy of letter, dated October 25, 1927, from Mr. D. W. McLachlan to L. C. Sabin, Vice-President, Lake Carriers' Association, Cleveland, Ohio, together with copy of Mr. Sabin's reply....	243
35	File No. 16299, Department of Railways and Canals, Ottawa, Ont., re application for conveyance of part of Hungry Bay Dyke....	270, 271, 272, 273, 279, 280, 578, 579
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37	Memorandum by Mr. McLachlan, respecting proposed works of the Beauharnois Company.....	306, 317, 318, 341
38	Memorandum, dated June 21, 1912, from Mr. Johnston to Mr. Challies, re proposed development of Beauharnois Light, Heat and Power Company.....	312, 314
39	Application, January 17, 1928, to His Excellency the Governor General by Beauharnois Light, Heat and Power Co. for an agreement, together with memorandum, December 17, 1927, from Deputy Minister of Public Works to Deputy Minister of Justice.....	330
39A	Supplementary memo. by B.L.H. & P. Co., January 16, 1928, re ultimate possibilities of proposed Hydro-Electric Power Development between Lake St. Francis and Lake St. Louis.....	333
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49	Stenographic report of public hearing by Cabinet sub-committee upon B.L.H. & P. Co. application, January 15, 1929.....	334
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59	Memorandum of Syndicate agreement, May 12, 1927, between R. O. Sweezey and Marquette Investment Corporation.....	399, 411, 440
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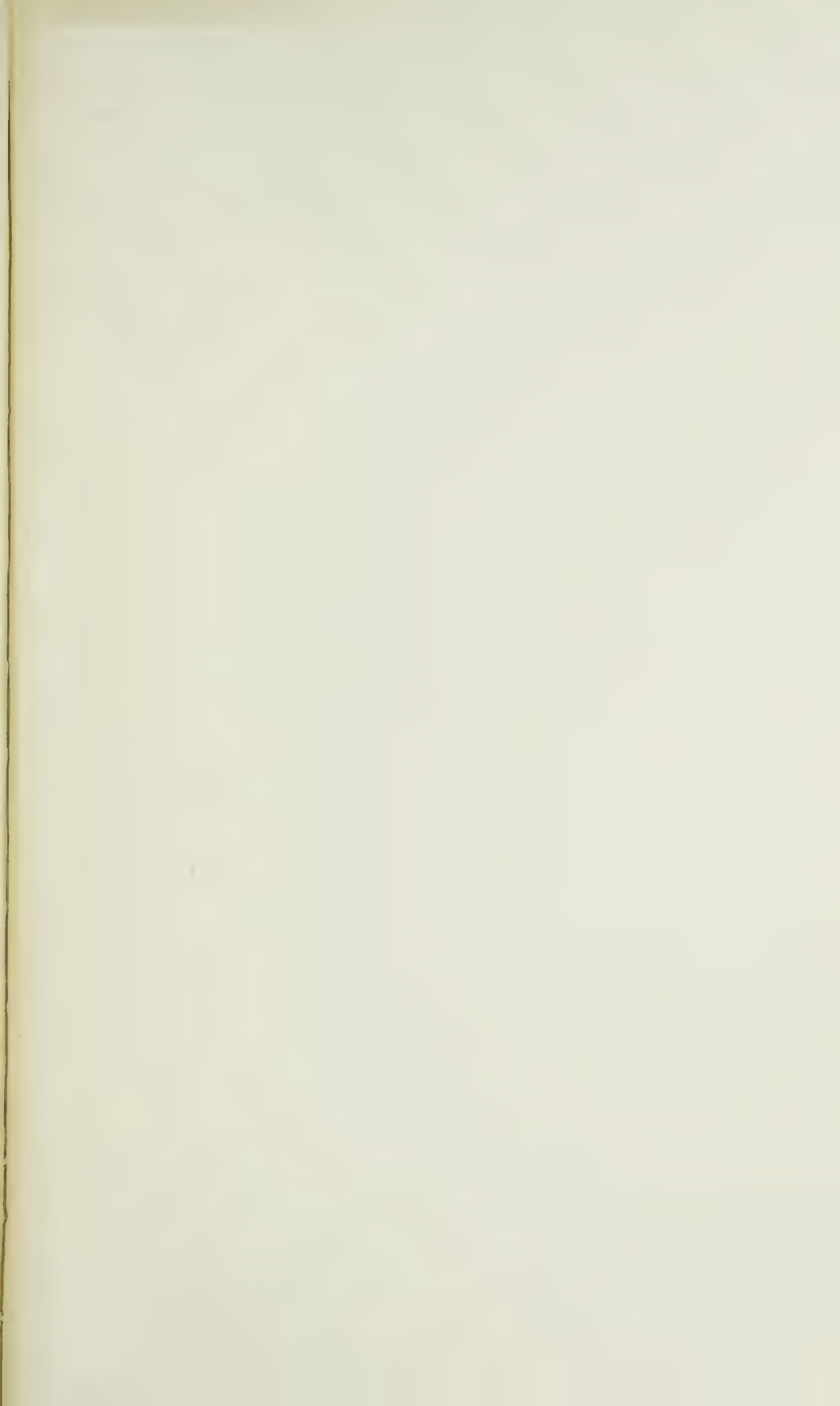
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